



Improving the credit approval archiving and reporting

Case: LeasePlan Finland Oy

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Master Thesis
Degree Programme in International
Business Management
2012



Abstract

06 July 2012

Degree Programme in International Business Management

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The title of your thesis Improving the credit approval archiving and reporting. Case: LeasePlan Finland Oy	Number of pages and appendices 73 + 18
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<p>The thesis study was commissioned by LeasePlan Finland Oy and the main objective of the study is to improve the credit approval process in the company, with main focus on the supporting processes of credit approval archiving and reporting. The main three research questions are “How to develop paperless archiving?”, “What information is actually needed in the reporting?” and “How to build the reporting?”.</p> <p>The study started in January 2012 and was conducted in a period of six months, in the timelines of a GANTT chart made in the beginning stage of the thesis process. The thesis study was needed because the improving and renewing of the above mentioned processes would be of significant value for the company, in making them more reliable, secure and automated as well as reducing man-hours, storage space and costs for the company.</p> <p>The study consisted of two main sections which were a literature review and an empirical study. The theoretical framework is mainly based on Basel II requirements, electronic filing, developing processes and process measurement. The empirical study was conducted by using both quantitative and qualitative research. The quantitative research was done by sending out questionnaires to 30 group companies credit departments, all located in different countries. The qualitative research was done through in-depth interviews with the local credit committee members.</p> <p>The results and findings of the research were successfully implemented in the company. The evaluation of the results of the implementation shows that the objectives of the thesis study are reached and the improvement of the credit approval archiving and reporting processes has been of value for the company. The processes after the thesis study results were implemented and more reliable and secure. Less man-hours and storage space are needed as the processes are more automated and electronic, which leads to less costs for the company.</p>	
Key words Credit approval, paperless archiving, SWOT analysis, methodologies, Basel II, process development and measurement	

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1 Introduction

LeasePlan Corporation strives to continually improve its processes both locally in each country organization and globally. This is necessary for the organization as it strives to continue to be a market leader in its field and improve the services provided for the clients and therefore also the work processes for the different tasks of the employees. Because of the positive attitude toward new ideas and improved processes in the organization, LeasePlan Finland Oy decided to readily be the commissioning party of the thesis project.

In this introduction the company for which the research is done will be presented and specific concepts, terms and procedures will be clarified. Presentation of these matters is done to help the reader to fully understand the meaning and value that the thesis project will have for the company and especially the credit approval process. The needs and objectives for the research problem of developing the credit approval archiving and reporting are discussed in section 1.2 and the research problem and research questions are further discussed in section 1.3.

In section 2 the literature related to the thesis is reviewed to provide a theoretical framework for the thesis project. The focus is on theory around three main issues relevant for the thesis project. Those main issues are Basel II, electronic filing and process development and measurement. In section 2.1 also why this thesis project is needed and relevant for the organization is discussed.

Discussion of methodology used in the thesis project can be found in section 3. In section 3 the matters of philosophies, strategies, approaches, techniques and procedures regarding the thesis project will be discussed and explained. This is done to give the reader an insight in the methodology and the techniques behind the actual research. Section 3 also discusses the current situation of the credit approval reporting and archiving in form of a SWOT analysis. The SWOT analysis includes indicators that are important for measuring the improvement that the company gains from implementing the findings of this thesis project based on the theoretical framework presented in section 2.

Section 4 focuses on presenting the findings and results of quantitative as well as the qualitative research. In section 5 the recommendations for what measures should be taken to improve the credit approval archiving and reporting are given. The recommendations are

based on the theoretical framework, which can be found in section 2, and on the results and findings of both the quantitative and qualitative research. In section 6 the implementation of the recommendations, presented in section 5, is described and discussed.

The reliability, validity and the role of the researcher is discussed in section 7. In this section also the quality of the results is reviewed. The discussion in section 8 is about the assessment of the business value of the thesis project. This is done through specific measurements, presented in section 3.4.1, as well as by discussing other issues that affect the business value of the thesis. In section 9 the conclusions of the thesis project is presented.

1.1 Description of the company and the current credit approval process

LeasePlan Finland Oy is part of LeasePlan Corporation N.V. -group. LeasePlan is a Dutch financial services company focused on fleet management. Established more than 45 years ago, the Group has grown to become the world leading provider of fleet management services and is now active in 30 countries. LeasePlan has also held a general banking license in the Netherlands since 1993. In Finland company was founded in 1998 and has grown rapidly, now having a fleet of approximately 19 000 cars, and became the leading fleet management company also in Finland in 2011. LeasePlan Finland Oy does not do business with private persons, only with companies. The goal of the company is to be a market leader in Finland with a 20 000 vehicle fleet by 2013, by offering comprehensive and cost-effective car management solutions to companies with more than 15 cars and organizations in the public sector.

1.1.1 Credit approval process

A credit approval is made for every prospect of the company. In the credit approval the financial situation of the prospect is analysed, due diligence check is made and also other possible data, such as litigation issues of prospect is analysed carefully. If prospect is part of a group also the groups information is analysed. After analysing the prospect it is decided if further securities, such as down payment, guarantee from group, bank deposit etc. is needed and a limit of cars and amounts are set. The credit approvals are renewed on a yearly basis for the existing clients.

The clients are divided into two groups: small fleet-clients and corporate clients. Credit approvals are made in separate systems for these two groups. Small fleet clients are client with max 10 funded cars. Corporate client is defined as a client who does not fit under Small fleet description, which means it has a fleet over 10 funded cars.

The small fleet clients have the credit approval made in a Lotus Notes database, with financial information imported from Bureau van Dijk, which is a credit information company. The payment behaviour is checked internally and externally, the nature of the fleet is described, comparable return is calculated and customer due diligence (CDD) check is made. When this is done there is a written evaluation of the client's situation and credit decision is made. Regarding the Corporate fleet there is more bureaucracy to the process, as the risk is higher.

The credit committee of LeasePlan in Finland can approve a credit request for a client up to a limit of 75 funded cars. If the limit exceeds 75 funded leasing cars the credit request is sent to the international credit committee, located in the corporation in the Netherlands, for approval. The corporate client's credit approvals are made in a newly developed internet based group credit risk management system (GCRMS) and is used globally for all corporate clients. In the system financial information is entered after which a LeasePlan rating is calculated, CDD check is made, possible litigation issues assessed, internal and external payment behaviour is checked, comparable return calculated, the nature of the fleet is described etc. Then credit manager writes an overall risk assessment, also taking into account and analysing possible group that client is part of, and finally gives the recommendation of decision for the credit approval. After that the credit request goes to the local credit committee for decision, and, if fleet exceeds 75 cars, to the international credit committee. The local credit committee consists of the Managing Director, Finance Director and Business Controller. The credit approval process is described and can be viewed in Figure 1.

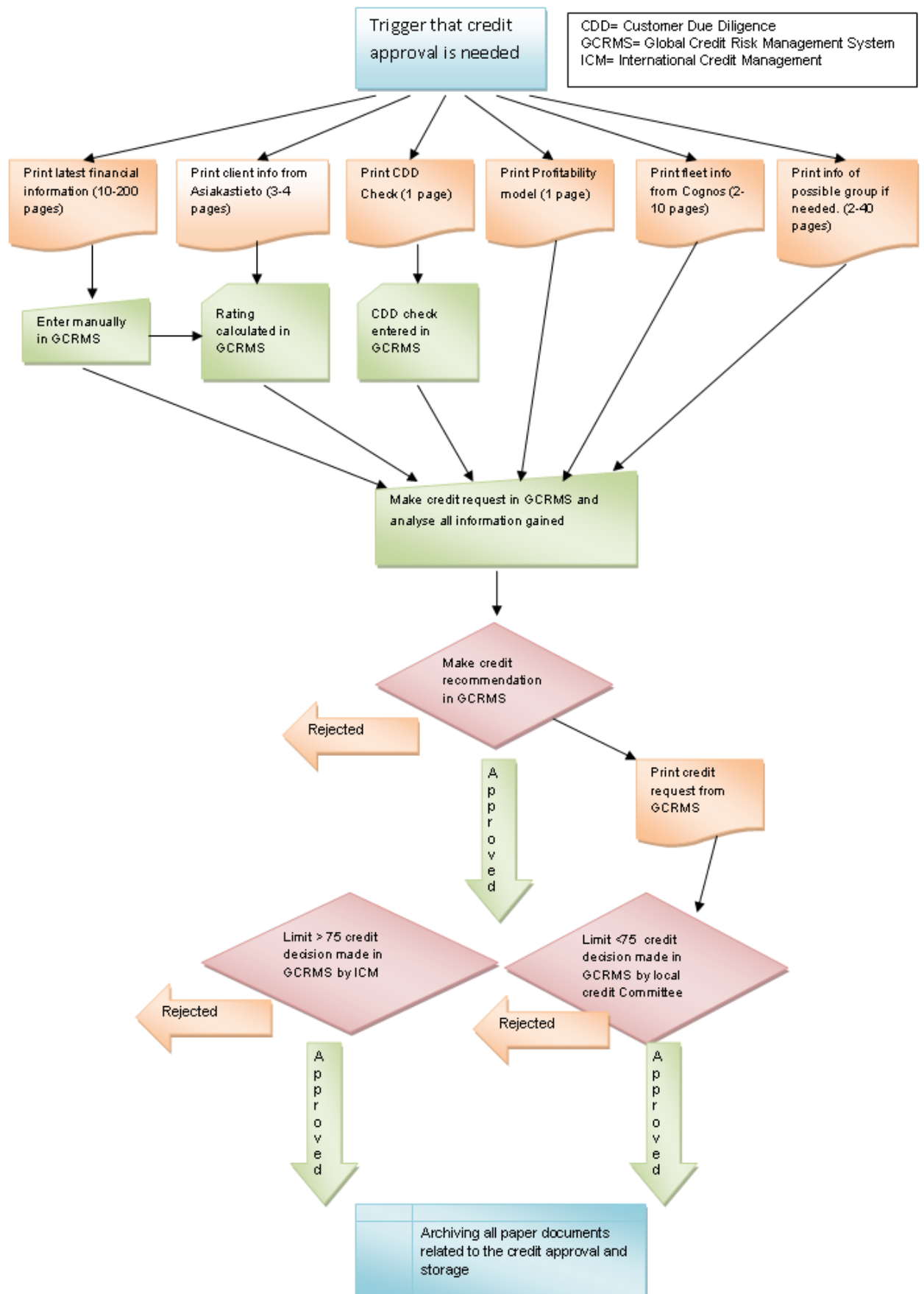


Figure 1. Credit approval process description

All files and papers regarding these credit approvals are printed out and archived in paper files, from which internal and external audit can check the information related to the approvals. Once a month a local credit committee meeting is held, where various reports regarding the credit decisions made are gone through, and these reports are also sent to corporation for evaluation.

1.2 Needs and objectives

At the moment the archiving process of the credit approvals and the related documents are printed out and archived in paper form. The rules of the global group is that information related to acceptance of clients has to be archived and saved until five years has gone from the date that client has terminated its contract with LeasePlan. This means that the amount of archived credit approvals is growing all the time. The amount of paper for one credit approval can be up to 150 – 200 A4 pages at most. An average number of credit approvals made in a year is 400 pieces and an average amount of papers are 50 pages. That means that for five years archiving there is a needed storage for 100 000 pages of papers related to the credit approvals made. This gives a good picture of how much archiving space these credit approvals need in the company's premises. As the company is continuously growing the yearly amount of credit approvals are growing at the same time, and the archiving space is already a problem.

The amount of paper described also shows that the company would save money in paper expenses by going green and changing the credit approval archiving into paperless form.

Also the environmental friendly issues are at stake regarding this significant amount of printed paper. As can be seen from TV and read in newspapers going green is no longer an option, but an environmental necessity. And one simple and effective way for a company to becoming more environmental friendly is to become paperless.

The other development need in the credit approval process is reporting. At the moment the reporting is not efficiently and clearly done. The reports need to be re-built and the possible needed material in reporting has to be clarified. Now there are several different excels from which material is copy pasted into other excels etc. The reporting needs to be developed in a way that all the important information is found easily and the reporting itself can be done in a

reasonable time. The reporting has to follow the guidelines given by the LeasePlan Corporation and include all the necessary information regarding both the Corporation guidelines and local needs. This is a very important and urgent matter to be developed in the credit approval process as the current situation is poor and reporting for credit committee meetings takes around 2 hours every month.

By developing and re-building the reporting time would be saved within the company and the information in the reporting would be more reliable than it is now, as human mistakes would be less likely. By researching what information is actually needed regarding the credit approvals, the reporting would become clear and more usable.

1.3 Research problem

When starting thinking about my master thesis I immediately decided that I want to do something concrete, that actually helps the company I work for and develop some part of the organization. Because I work in the financial department it felt natural to me to make my thesis around that area, as I know that area and what development there might be needed. I discussed the matter with our Financial Director and Business Controller at the time and they felt it would be a good idea to make my thesis around the finance area.

1.3.1 Deciding the research problem

I was having two different research problems on my mind. First problem was what the effects of new standard of the accounting treatment of leases, suggested by IASB (International Accounting Standards Board) and FASB (Financial Accounting Standards Board) would be and how to handle the new standard. The draft standards will lead to a harmonized standard, in which weaknesses in the existing standards are intended to be addressed. All other leased assets are suggested to be recognized in the balance sheet, and therefore the difference between financial lease and other lease agreements will disappear.

The other possible research problem was developing the credit approval process. Then I considered; what are the areas of the credit approval process that needs development? That question was easy to answer as there are two problem areas of the process, which are more specifically the archiving and reporting of the credit approvals.

After reconsidering the options for some time I came to the conclusion that as I work as credit manager, and genuinely like my job, the later choice for research and development is close to my heart and developing that area would concretely affect my daily work in a positive way. Therefore I chose to make my thesis of developing the credit approval process.

1.3.2 Improving the credit approval archiving and reporting

The subject of my study is improving the credit approval archiving and reporting of LeasePlan Finland Oy.

How to develop paperless archiving?

The research question related to the research problem of archiving the credit approvals is obvious to me as I do not see any point in trying to develop a better paper archiving system. In today's world the archiving needs to be paperless, if possible, for many reasons. In the company I can recognise three benefits with paperless archiving; storage space will be saved, money of paper expenses will be saved and it is environmental friendly. Therefore my research question regarding the archiving is naturally; How to develop paperless archiving? Underneath this main question I will have to research also following: What is really necessary to archive? Who needs access to the archive?

What information is actually needed in the reporting? & How to build the reporting?

The reporting of the credit approvals needs to be developed to answer the demands and the creating of the monthly reporting has to be made more automatic. The company will benefit from a developed reporting by less man hours spent on the reporting work and also the reporting will become more reliable. To achieve this I have to research what information is needed in the reporting and how to build the reporting in such a way that it is functional and manual mistakes are minimized. Therefore I have two research questions regarding the reporting; What information is actually needed in the reporting? and How to build the reporting?

2 Literature review

Due to the fact that LeasePlan Group has a general banking license, the whole group has to follow the Basel II framework regarding securitization, rating and validation, credit approval processes and management, as well as credit risk mitigation techniques. The Bank for International Settlements (BIS) in Basel, Switzerland is the international organization that fosters international monetary and financial cooperation and serves as a bank for central banks. The BIS operates the Financial Stability Institute (FSI) jointly with the Basel Committee on Banking Supervision (BCBS).

It is also important to review literature regarding paperless archiving to get information and become more familiar with the subject as well as literature around developing and measuring processes. Literature around developing and measuring processes is needed because a goal of the thesis project is to improve the processes regarding credit approval archiving and reporting.

2.1 Why my research is needed?

The subject of paperless documentation and archiving has already been researched and reviewed by many researches and there is literature available about this subject. The done research can be used in my master thesis as a base on which I will research and build the special case I have on hand regarding making the credit approval documentation paperless in LeasePlan Finland Oy. There are also many thesis written about this matter, for example Anu Laine has written master thesis regarding implementation of e-flow in Department of Justice in 2009 and Timo Paarlahti has written his thesis about electronic document filing in 2010. These are only examples of the thesis written on some angle of the subject of electronic documentation. The subject has been quite popular the latest years, and I can use the research in the thesis project as guidance when conducting my own research in the matter. Even if there are many books, articles and thesis regarding especially the paperless documentation my research is needed, because my thesis subject is specifically for the credit approval documentation in LeasePlan Finland Oy. Therefore I have to study also the international aspect on how to conduct both the reporting and the archiving, so that existing international standards and group requirements are fulfilled, and possible also LeasePlan companies in other countries could take advantage of the solutions I will find. In conducting the thesis

project the researcher will have to follow the Basel II standard and therefore the Basel II theory is an essential part and base during the thesis project.

For the organization I work in the credit approval archiving is becoming a problem, due to the storage space, that could be used for other purposes. As the process description in Figure 2 shows the credit approval archiving process includes many steps of printing document and the amount of paper pages needed to be archived for each credit approval is significant, taking into account that the credit approval has to be renewed on a yearly basis.

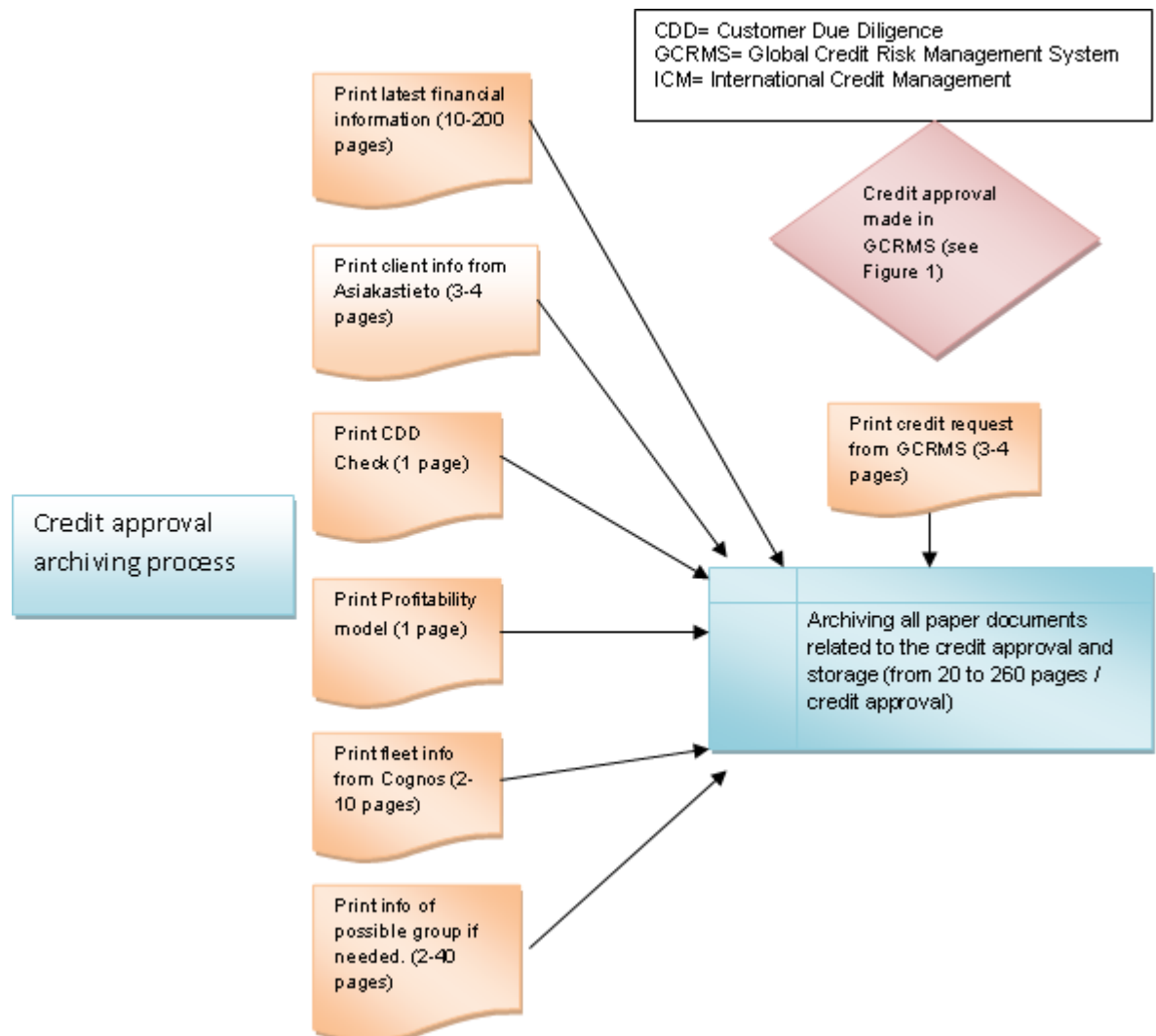


Figure 2. Credit approval archiving process

It is also sometimes necessary to go back and investigate credit approvals from previous years. As the credit approvals are stored in paper form one then has to find the actual paper file related to the needed credit approval, which could be more easily accessed if the credit approval files would be electronically stored.

Regarding the credit approval reporting no process description can be made as there is no actual process related to the credit approval reporting. One of the goals of this thesis project is to develop the credit approval reporting and in that way develop a clear process description of the credit approval reporting.

2.2 Basel II

In 1988, the Committee introduced a capital measurement system commonly refer to as the Basel Capital Accord. This system provided for the implementation of a credit risk measurement framework with a minimum capital standard of 8% by the end of 1992. Since 1988, this framework has been progressively introduced in virtually all countries with active international banks. Recently increased market volatility and incidents such as Asian and Russian monetary crises led to a new look at the capital accord and a comprehensive and detailed update that attempts to address some of the underlying factors that caused the mentioned incidents were prepared. (Bank for International Settlements)

2.2.1 What is Basel II?

Basel II, which was published in 2004, is issued by Basel Committee on Banking Supervision and is recommendations on banking laws and regulations. Basel II is an international standard that can help protect the international financial system from problems that might occur if banks collapse. This is accomplished by setting up risk and management requirements to ensure banks holds capital reserves appropriate to the risk the bank exposes itself to. This means that the Basel II framework sets out details for adopting more risk sensitive minimum capital requirements for banking organizations and it reinforces the risk sensitive requirements by laying out principles to banks to assess the adequacy of their capital and it also seeks to strengthen market discipline by enhancing transparency in bank's financial reporting. There is now Basel III developed that strengthens bank capital requirements and introduces new regulatory requirements on bank liquidity and bank leverage. (Bank for International Settlements) LeasePlan Corporation follows the Basel II requirements and therefore that framework is also studied in this thesis project.

2.2.2 Basel II requirements

Credit approval archiving

Following the Basel II the credit approval documentation should include all necessary factors that are used in making the credit decision. There are usually following five categories needed in the credit decision process and therefore also in the documentation; legal situation, market situation, economic situation, project evaluation and debt service capacity. The credit file is the central instrument of documentation and it should include all the documents related to the credit decision. The credit file is to be documented in such a way that it is possible to review the credit approval at any time. Fully electronic storage systems of the credit approval process are internationally becoming increasingly important, because such electronic files make it possible to increase the efficiency. (Financial Market Authority Credit Approval Process and Credit Risk Management 2004. p. 25-30, 96-97)

Credit approval reporting

There should be an adequate system of monitoring and reporting risk exposures and estimating how the changing risk profile of the credit institution affects the need for capital. There should be reports on the risk profile and capital needs to be reviewed by the senior management or board of directors. (International Convergence of Capital Measurement and Capital Standards. 2006. p.208-209) According to Basel II the credit institution needs to have a credit risk committee that usually meets once a month. The credit risk committee makes various decisions regarding the credit risk, such as; decisions concerning the risk strategy, capital allocation and defining limits in line with the risk strategy and measures to be taken if limits are exceeded. (Financial Market Authority Credit Approval Process and Credit Risk Management 2004. p. 25-30, 96-97) The reporting should include; an evaluation of the level and trend of material risks and their effect on capital levels, an evaluation of the sensitivity and reasonableness of the key assumptions used in the capital assessment measurement system, determine that there is sufficient capital against the various risks and that compliance with established capital adequacy goals are followed, and assess future capital requirements based on the reported risk profile and make necessary adjustments to the strategic plan accordingly. (International Convergence of Capital Measurement and Capital Standards. 2006. p.208-209) The credit committee needs reliable and sufficient reporting to be

able to evaluate the credit approvals made and the possible credit risks and make the correct decisions.

2.3 Electronic filing

With electronic filing is meant a computer based system that stores, catalogues and retrieves documents. The electronic filing system must be secure and safe against computer failure or unauthorized access and it should provide shared access to documents, but also the possibility for preserving confidential documents. A paperless office was a vision many had when the PC was introduced, but the opposite happened and paper consumption doubled worldwide between 1998 and 2000. A tremendous amount of money is wasted in printing and filing paperwork. (Hart T, Capps A., Bauer M. 2009. p.185)

It is important to show the employees the benefits of the paperless work-style to gain their acceptance of the new system. That way approval of the new paperless culture can be faster and smoother. Some benefits to explain to the employees could be the time and cost saving of the ICT work practices and also the fact that work tasks can be performed from any location is a carrot for the employees to embrace the paperless way of working. Paper stacks will be eliminated as will file cabinets. These are some issues that can motivate the employees to promote the paperless way of archiving. (Dimopoulos, G. 2008.pp. 69-72) In 2.3.1 I will discuss further advantages of the electronic filing that can be seen in the organization.

2.3.1 Advantages of electronic filing

By paperless management it is easier and more efficient to manage operations, especially when business units are in different locations. The same document can then be viewed on the computer in several physically separated business units when needed, instead of sending or faxing paper documents. There is also a risk of misplacing paper documents in the process of distributing them to different units. Therefore a centralized database for the electronic documents, which can be accessed by all involved business units globally by everyone who needs it at any time and from any location, is much more practical. Internet –enabled web-based systems can allow document access from everywhere where internet is available, which can be handy when documents need to be rapidly accessed. (Dimopoulos, G. 2008.pp. 68-69)

Beside cost savings going green has also others advantages, such as quicker access to information, better ability to collaborate, an outstanding moral obligation and great environmental responsibility. The technology for going paperless is available, but the challenge is the mind-set as going paperless will affect the processes and the flow of information. (Hart T, Capps A., Bauer M. 2009. p.185) There are many advantages with a paperless office and archive. One advantage is that it reduces clutter, and by clutter is not only meant unnecessary piles of paper, but also organized collection of paper documents if it takes up too much physical space. It also saves time and effort as the endless process of filing, searching for, retrieving and replacing papers can take a lot of time. Of course also digital documents needs to be filed but it takes less time than searching for a specific document would. It is also easier to share documents with others if it is in digital format instead of photocopying a document and handing or mailing it to others. ((Kissell, 2010, chapter 2) Electronic archiving also enables the organization to find corporate records when needed to conduct business and to comply with regulations and good business practices. It also manages the maintenance and destruction of business records according to defined business practices. (Chatelain, J, Garrie, D. 2009) Electronic files offer far quicker access from any computer than searching for paper files and are safe of mutilation and the risk of misplacing the document. The electronic files have constant access when needed and the search capability is increased as key word searches can be created. Also maintenance is reduced as the electronic files do not require binding of volumes, labeling, shelving and physical space the same way as paper documents need. (Harmon, J, Flander, M. 2001. pp.410-411)

Paperless archiving improves the archiving process in such ways that space and labor involved in the process is reduced and it also offers better redundancy and access. Regarding the paperless system there are several different providers, such as IBM FileNet or similar systems that can store and retrieve PDF files. These kinds of systems can store the documents in redundant servers and in multiple locations to protect against accidental trashing etc. Also searching for and finding paperless documents are easier when the documents are stored electronically compared to locate a physical document in an office or warehouse. (Terry, 2009, p.4-6)

A paperless archiving also saves money on paper, storage space, filing time, ink etc. (Kissell, 2010, chapter 2) Following is an example of the savings possible to make by electronic archiving by Hart, Capps and Bauer;

“The cost of a standard office is about \$45/square foot per year. A filing cabinet and space needed to navigate around it take up approximately 30 square feet, for a total cost of approximately \$1 350 per year in addition to the cost of the filing cabinet (\$1 000/year) and the printer lease or management (\$1 750/year). Add these numbers together and you have a cumulative cost of \$4 100. “

2.3.2 The process of going paperless

A successful electronic archiving system needs to be well planned and take into account the requirements of business, legal and IT requirements. It is important that all employees using the archiving understand the reasons for it, as this allows the enterprise to implement and enforce the electronic archiving successfully in the organization. To safeguard the corporate intellectual property and reducing the massive amount of electronic information there needs to be an electronic information infrastructure implemented in the organization. Often the design and infrastructure of the electronic archiving is done in the IT department without proper consultation with the business or legal department, which can lead to that the archiving project might lack necessary features and functionalities. It can also lead to multiple electronic archiving within the corporation, with no enterprise wide thinking that could lead to multiplied assets and management costs and complexity of searching and retrieving needed information. (Chatelain, J, Garrie, D. 2009)

It is important to understand that archiving is a long term project that demands constant monitoring. The organizations current electronic policies and defined processes that account for worldwide regulations needs to be assessed as well as the total document archive size and the rate at which documents has to get stored in the archive. Vendors that will supply the system, services and support has to be reviewed and the software platforms and hardware and software capabilities needs to be assessed, especially the frequency and ease to updated the platforms and capacity planning and the evolution of their functionalities over time. (Chatelain, J, Garrie, D. 2009)

There is some concrete practical guidance, which it is important to follow to make the process of going paperless as smooth and effective as possible. The first stage is to *plan and design the paperless ecosystem*. By this is meant that before buying ICT devices and software it is important to plan the transition to paperless archiving thoroughly and make sure that the ICT device used is proper for the solution needed. It is also important to ensure compatibility between

ICT components. The next stage is to *acquire and set up the paperless ICT system*. When the specific types of tasks, work fashion, intensity and mode of travel, communication needs and the ICT system specifications of those collaborators and employees with whom compatibility is needed are clear, it is time to select and acquire the ICT system. Once the components are acquired it is time to set them up and make sure they are optimally functional in a seamlessly integrated way. The third stage is *specific work tasks: transition from paper-based to paperless*. In this stage the work practices used are to be considered. In today's world it is rare to have hand-written documents as the most common way of generating and editing documents are done by typing into a laptop or desktop computer. Nevertheless is creating digital documents from paper-based documents an essential step in the process of switching over to a paperless work-style. (Dimopoulos. 2008. p. 90-106)

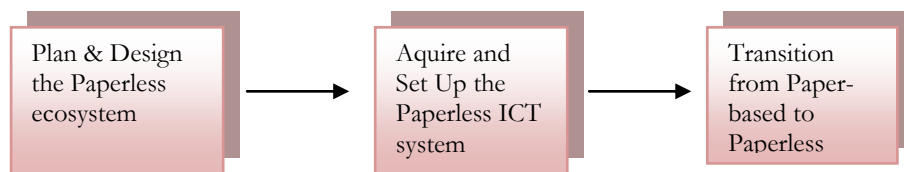


Figure 3. The process of going paperless according to Dimopoulos

It is also good to think about where and how to store the digital file and consider the following three main factors: disk capacity, local versus cloud storage and media longevity. Regarding disc capacity there are many hard drives to choose from and it is worth paying a little extra for a drive with a longer warranty. When choosing local or cloud storage it depends on the purpose of the storage which one to choose. Cloud storage makes an excellent secondary or backup location for electronic files. Examples of cloud storage providers are Dropbox, Google Docs, MobileMe and Syncplicity. Regarding media longevity hard drives eventually wear out and need to be replaced, the files should be copied onto fresh new media every 3-5 years and there should always be back up of the electronic documents made. (Kissell, 2010, chapter 2)

2.4 Developing processes and process measurement

There are different definitions of a process, that all have common elements. It can be described as a series of actions, changes or functions that bring about a result or that a process

is the sequence of activities that permit work to be done. Another way of explaining a process is that it defines how work gets done, in what sequence, by whom and to what requirements. Overall it can be said that processes are purposeful steps or actions that must occur for an output or result to happen. A random series of steps or actions is not a process as they do not accomplish a predetermined end. (Ewy, R, Gmitro, H. 2009.pp.1) When structured activities or tasks that produce and serve a particular goal are collected for a certain customer it is called a business process.(Lowenthal, J. 2002. pp. 1-2) The essential features of a process are that it involves activity, it has collaborative activity, to achieve a goal. A process is not a functional group, such as finance, as functional groups are parts of the organization that takes part in processes, but is not a process itself. (Ould. M. 2005. pp. 3-4)

The business process can be visualized with a flowchart, which is a sequence of activities with interleaving decision points. A business process starts with a mission objective and ends with achievement of the business objective. They are designed to add value for the customer and should only include necessary activities. A successfully designed business process should add value for the customer and decrease the costs of the organization. (Wikipedia)

There are three different types of business processes: management processes, operational processes and supporting processes. Management processes govern the operation of a system, operational processes constitute the core business and create the primary value stream and supporting processes supports the core processes. (Wikipedia) The processes changed and developed in this thesis project are supporting processes as they will support the core processes of the credit and financial processes.

There are two essential characteristics to a business process. The first is that there are internal or external customers and the second that there are organizational boundaries between organizational subunits. Business processes should have process owners who will maintain the processes. (Lowenthal, J. 2002. pp. 1-2) Every organization contains business processes, from simple processes carried out by one department to complex processes implemented throughout the organization. Everyone who is related to the organization carries out different processes continually, even if they do not think about the fact that their actions actually are a business process. By understanding the process glitches that lead to a problem or bottleneck the process can be corrected and improved and lead to better results for the organization. Each time the organization improves its business processes it benefits the cost savings,

efficiency gains, customer loyalty and profitability of the organization. (McDonald, M. 2010. pp. 4-10)

2.4.1 Developing processes

Processes are about dynamics, activity, collaboration and cooperation and therefore these elements have to be put in centre when thinking about processes. Processes needs to be developed in situations where there is a need for a shared understanding of what the organization does and how it does it, where a common approach to doing something is to be adopted and mandated, when data-based information technology systems need to be aligned with the needs of the organization, when workflow management systems needs to be used in a computer system to control the flow of work or when new forms of process technology are to be applied to give active support to the management of the business process. (Ould. M. 2005. pp. 7-12)

Every organization operates processes and modelling those processes provides a perspective on the organization and promotes a more collaborative spirit. With this a model that makes a process visible to the concerned parties can bring great value. Processes should be defined in a way so that they are repeatable, measurable and improvable. Organizations should describe the processes in a way that communicates the processes to those who will carry them out, provides opportunity of independent assessment of the organizations conformance to the process and act as a basis for future improvement of the process. A good description of a process is one that communicates in detail to those that will carry it out, that is precise enough to permit an assessment of conformance and that is appropriately detailed to be a basis for analysis and improvement. The cost effectiveness and profitability of a process is determined by the quality of the goods/services it produces and that quality is determined by the workers, the input and the process. Wastage of materials, resources and time needs to be minimized and systemic errors needs to be removed. One needs to know where the defects and unnecessary delays are so that the process can be adjusted to remove their cause. (Ould. M. 2005. pp. 7-12)

Depending on the situation sometimes a radical change of a process is needed. That means major changes in the organizational structure, questioning the very need for doing things and even reducing certain processes completely. Process design means being able to model the process or developing a new process. A workflow management system provide active support

to a business process by controlling the flow of a work item around the organization, routing it and its supporting information and paper/electronic documents and images from person to person, or workstation to workstation, in the process. It is important to determine the needed business process/discovering and modelling an existing process, defining an existing process, designing an intended process, qualitatively analysing a process when the model has been produced and using process models for requirements definitions for information systems and workflow systems. (Ould. M. 2005. pp. 7-12)

When assessing a business process it is important to look into if the process produces the desired results and meets the needs of the client, does it eliminate bureaucracy and minimize the use of resources and is it flexible when facing changing needs. When developing processes one should first examine what business processes exist in a certain department/organization, then the relative importance of one business process over another, needs to be determined. A process map can be drawn to enable everyone involved to understand how the business process works. Activities involved in the process also need to be understood and for example process time helps to summarize the labor time the process takes or process cost how much the process currently cost. This needs to be done because the chosen parameters can be used to set improvement targets for the business process. After this the business process map is ready to be reviewed and validated by appropriate stakeholders. This is done to validate the baselines of the improvement targets. Tools to minimize potential errors, automate the business process and identify process metrics needs to be created. When the new business process is created it is important to create a plan to test it. This is done to confirm that the new/developed process works as planned and resolve possible bugs before implementation. When implementing the business process the persons who need to know about the change needs to be identified, also what they need to know and how to communicate the right information are essential issues. The business process needs to be continually measured to retain the strategic gains and continually improve the process when needed. (Page. S. 2010.pp.7-17)

2.4.2 Process measurement

There are many different ways to measure the categories of criteria in a business process. Regarding the impact category one might measure the impact of a business process in the business. For this category two common criteria are number affected and client level. Another measurable thing is the funding, by what is meant the required budget and its size and possible

costs for additional services and resources. Timing of next cycle is a measurement of the time lapse before the organization plans to use the business process again.

Another category is current state, by which is meant how well the business process works for the client and for the internal department that owns the process. Criteria that measure this are client satisfaction that evaluates how the business process currently works from the client's perspective. Pain level is criteria that measures how the business process currently works for the department. One criteria is process exist and that refers to whether process exists or not. Value is a category that has many criteria. Value can be defined by economic value, personal value or cultural value. (Page, S. 2010, pp. 25-30) As these are not criteria suitable to be measured for this thesis work I will not go further into the measurement of above mentioned criteria.

The baseline for measurement of the success of a project is to define project success goals. (Dinsmore, P, Cabanis-Brewin, J. 2011, pp. 186) The objectives can be improving quality, cost or speed of core processes. On a project level time, cost and function are good measurement factors for the success of a business process change. Another approach to measure processes is the cycle time for the process. (Fasnacht, D. 2009, pp. 43-54)

One of the most renowned tools for audit and analysis of an overall strategic position of a business and its environment is the SWOT analysis. The key purpose of the model is to identify strategies to create a firm specific business model aligned with the resources and capabilities of the organization as well as the requirements of the organization's environment. In Figure 4 the SWOT analysis framework can be viewed. (SWOT analysis)

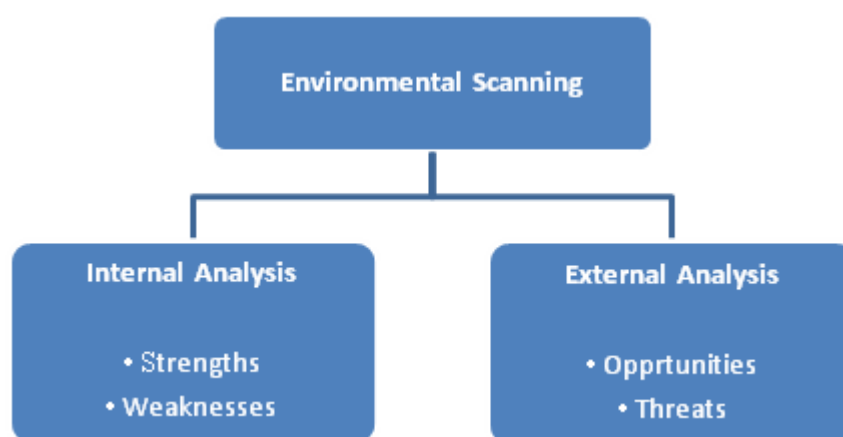


Figure 4. SWOT-analysis framework (SWOT-analysis)

SWOT analysis can also be used to measure the initial business process and the improved business process. By SWOT analysis is meant an analysis of the initial and or improved

business processes strengths, weaknesses, opportunities and threats, which summarizes the key issues. It is to be remembered that a SWOT analysis is useful only if it is comparative. The risk with a SWOT analysis is that it might generate a very long list of strengths, weaknesses, opportunities and threats and therefore it is important to be clear about what is really important and what is less important. (Johnson, G, Scholes, K, Whittington, R. 2008.pp.119-120)

3 Methodology

In this part I will go through the philosophies, approaches, strategies, techniques and procedures that was used when conducting the research and explain as detailed as possible how I have proceeded in the empirical part of the research.

3.1 Philosophies

There are four basic philosophies, epistemological positions, according to Saunders, Lewis and Thornhill, 2009. These philosophies are positivism, realism, interpretivism and pragmatism. *Positivism* is working with observable social reality emphasises highly structured methodology and the end product can be law-like generalisations. Positivism uses mainly quantitative research methods. *Realism* argues that objects exist independently of our knowledge of their existence. Realism is further divided into critical realism and direct realism. *Interpretivism* advocates the necessity to understand differences between humans in their role as social actors. *Pragmatism* argues that the most important determinant of the research philosophy adopted is the research question, arguing that it is possible to work with both positivism and interpretivist positions.

Due to the fact that in this thesis project both quantitative and qualitative research is conducted, including in-depth interviewing, the philosophy for my thesis is a combination of critical realism and interpretivism.

3.2 Strategies

There are many different strategies possible when conducting a research. There can be experiment, survey, case study, action research, grounded theory, ethnography and archival research.

In this research two strategies are used, which are survey and action research. Survey is used as questionnaires are sent out. Action research is used in interviews as described in section 3.4, techniques and procedures. I feel action research is appropriate as it focuses on management of change and promotes change within the organization and also improves practices through change. I am also involved in the process I am researching, I have identified the problem to research and the findings I will do are implemented in the company.

3.3 Approaches

There are three possible approaches; deductive, inductive and abductive. Deductive approach develops propositions before the data collection and the goal is explaining the phenomenon by using theory. In the deductive approach the researcher is independent from the phenomenon. Inductive approach develops theory after the data is collected and the goal is to understand the phenomenon. Abductive approach chooses the hypothesis that would best explain the relevant evidence and uses start data collection from theory, but can make new theory in the process.

For my thesis research I use abductive approach as I start with data collection from theory and then do the data collection and analysis based on the questionnaire and in depth interviews to make assumptions on what to include and how to implement the reporting and paperless archiving of credit approvals in the company.

3.4 Techniques and procedures

When conducting the research I send out questionnaires to other LeasePlan countries as well as conduct in depth interviews locally. I first send out and analyse the outcome of the questionnaires and then set the questions for the in depth interviews, based on the findings of the questionnaire and the theory related to the research. This is done to make sure that the findings from the global questionnaire answers are suitable solutions also for the Finnish atmosphere. This section also includes measurement values of the project, by which is meant to determine the appropriate measurements used to demonstrate the value of the thesis project, discussed later on in section 8.

3.4.1 Establishing the measurements of the success of the project

To present the situation of the credit approval archiving and reporting process before the project and to be able to compare that situation with the improved situation after the changes of the processes I have created a SWOT analysis of the pre-project situation. The SWOT analysis can be seen in Figure 5.

	Beneficial	Harmful
Internal	<p>Strengths</p> <ul style="list-style-type: none"> All necessary files related to the credit approvals are stored as paper documents 	<p>Weaknesses</p> <ul style="list-style-type: none"> Filing/later review of paper files takes up work resources <ul style="list-style-type: none"> printing /archiving of credit file takes approximately 7 minutes per credit approval Distribution of paperfiles not smooth or secure/papers can get lost No functioning reporting of the credit approvals available <ul style="list-style-type: none"> currently reporting consists of several copy/paste functions from different files and takes around 2 hours/month
External	<p>Opportunities</p> <ul style="list-style-type: none"> New more effective and secure storage systems available for credit approval documentation There are tools available where a reporting of credit approvals on monthly basis can be built 	<p>Threats</p> <ul style="list-style-type: none"> Limited storage space for paper files 20-260 printed paper pages per credit approval

Figure 5. SWOT analysis of pre-project situation of credit approval archiving and reporting

From the SWOT analysis it can be seen that the internal strengths of the credit approval archiving and reporting processes are that all documents, felt necessary before the improvements project, are filed.

Internal weaknesses on the other hand are that the filing of the paper documents takes up work resources and time and the distribution of the files are not smooth. There is also a risk that paper files might be misplaced. Regarding the reporting it is time consuming and manually done, which means that there is a risk of miscalculating.

Opportunities external to the credit approval archiving and reporting processes are that there are secure and effective storage systems available as well as reporting tools on the market.

Threats external to the credit approval archiving and reporting processes are that the company has a limited storage space and also that printing large amounts of paper cost money and is not environmentally sustainable.

Based on the SWOT analysis I have chosen following concrete measurements to follow-up and demonstrate the success of the project and created/improved processes.

1. Time of filing (archiving process)
2. Amount of printed paper (archiving process)
3. Time of reporting (reporting process)

These three measurements are the ones that I will use to show the concrete value and improvement this project has for LeasePlan Finland Oy.

The first measurement, time of filing (archiving process), can be found under weaknesses in the SWOT analysis and is chosen as a measurement because it shows the time it currently takes to print and archive the credit approval documents. It is a good measurement as time is something that can be used when comparing the current process of archiving to how long the archiving of credit approval documents will take when the project is finished and the process is changed.

The second measurement, amount of printed paper (archiving process), is to be seen under threats in the SWOT analysis. It is chosen as an measurement because currently the amount of paper printed and archived in the credit approval document archiving process is massive and by comparing the current number of filed paper documents with the number of filed paper documents when the new process is implemented gives a good picture of the success of the project, in saved storage space as well as amounts of printed and filed paper documents.

The third measurement is time of reporting (reporting process) and it can be found in the SWOT analysis under weaknesses. As mentioned earlier time is a good measurement as it can be used when comparing the usage of employee's resources when comparing the effectiveness of the current way of working to the way of working after the project is finished and implemented. By using this measurement it can be determined whether the new reporting actually is more efficient and takes less resource than the old way of working.

3.4.2 Questionnaire

In my research I send out questionnaires to Credit Managers and Credit Analysts in other LeasePlan countries to find out what they find is important in the credit approval reporting and archiving processes and how they are handling the matter. The reason for sending out the questionnaire also to credit analysts, and not only the credit managers, is that the tasks of the roles / titles can differ from country to country and it is important for the outcome of the research that the person answering the questionnaire is actually handling the matters being researched. My goal is to achieve an answer from as many LeasePlan countries as possible. One answer per country is enough as that answer will reflect how the issues are handled and seen at in that specific country.

Basel II requirements, discussed in the literature review of this thesis, played a role in setting up the questions, as it is necessary to follow the framework to ensure that both the archiving and reporting are valid and conducted with correct information. When setting up the questions I strive to make them as clear and easy to understand as possible, to avoid any misunderstandings. I also strive to minimize the number of questions to the actually necessary ones, to be able to keep the number of questions on a good level. That way it does not take too long to fill in the questionnaire, which can motivate people to answer the questionnaire more easily. I also pilot test the questionnaire on the Business Controller of LeasePlan Finland and based on her feedback adjusted it before sending it out. The questionnaire is filled in anonymously by the respondents but I structured the questions by starting with having the country filled in on behalf the respondent before answering. This is important because I want to ensure that as many LeasePlan countries as possible are answering the questionnaire, to get valid results. There are two questions related to the credit approval archiving process and six questions related to the credit approval reporting. (Azzara, C. 2010. pp. 179-222, 355-356) (Oppenheim.A.N. 2000.pp. 100-150) (Saunders, M. Lewis, P & Thornhill, A. 2009. pp. 366-394) The questionnaire can be viewed in appendix 1.

To ensure answers from as many countries as possible I carefully explain the reason and the importance of the questionnaire in the e-mail to which the questionnaire is attached. I also send out a reminder by e-mail one week after the original questionnaire is sent out. If the response rate of the countries is not satisfying I plan to send out a second reminder two weeks after the original questionnaire has been sent out. The actual questionnaire is created on a program named QuestBack, which is a web-based questionnaire program used in LeasePlan

countries, and therefore the layout and other features are familiar to the LeasePlan employees all over the world. I believe that using the familiar QuestBack gives the respondents an extra push to answer the questionnaire, as they can relate to it and ensure that the research is done by a reliable researcher, within the LeasePlan group.

3.4.3 In depth interviews

The qualitative research method of in depth interviews is used to gain a deeper insight into the research issues. The in depth interviews with credit committee members of LeasePlan Finland is done to find out what the locally important issues are regarding the credit approval documenting and archiving process. There are three local credit committee members and all three members are interviewed, to get the results as accurate and suitable for Finland as possible. Because I work at the company, but still want to be as objective as possible and get all the information from the interviewees I have decided to record the interviews as well as make notes during the interviews. I will only make one interview per day and transcribed it the same day to make sure that I can focus on one interview at the time, to avoid possible confusions between the interviews. The transcribed interviews can be viewed in appendix 5. The interview questions are sent to the interviewees a few days before the actual interview to give them time to get familiar and think about the questions. This is done to ensure that the answers are well considered and therefore reliable. The interviews are conducted on the mother tongue of the interviewees to avoid misunderstandings due to language. Therefore two interviews are conducted in Swedish and one in Finnish. (Yow V. 2005.pp.8, 116, 169) (Saunders, M. Lewis, P & Thornhill, A. 2009.326-343)

The questions are constructed based on the results from the questionnaires and on the theoretical framework, which can be viewed in section 2. The reason for basing the questions on the findings from the questionnaire is that it is important to know what of the issues found as important on the results of the questionnaire are also locally important as all countries are different, despite belonging to the same global group. Therefore the interview questions are constructed to start with 5 questions regarding the archiving and three questions regarding the reporting of credit approvals. The in depth interview questions can be viewed in appendix 4.

3.4.4 Data analysis

The data received from the surveys are analysed by using the QuestBack program and Excel and the findings are described in section 4.1.

Regarding the interviews they are recorded as well as there are notes made during the interviews. The interviews are transcribed the same day as the interviews are conducted. After all the interviews are conducted and transcribed I will use colour coding technique to analyse and recognise the essential issues. (Thatchenkery, T. 2003. pp. 107-110) The findings are the base for creating the paperless archiving and reporting of credit approvals, and are presented in section 4.2.

4 Presentation of findings and results

In this section of the thesis I will present the findings and results that were gained from the quantitative and the qualitative research. First the findings of the questionnaire are presented and the findings of the in depth interviews are discussed. This is done to clarify and show the results from both the quantitative and qualitative parts of the research.

4.1 Questionnaire

I sent out the questionnaire to both Credit Managers and Credit Analysts in all LeasePlan countries. Even if one answer per country would have been enough, I decided to approach the matter by sending out the questionnaire to both Credit Managers and Credit Analysts as I do not know what roles different employees have in different countries and I wanted to ensure that my questionnaire would reach the person/persons responsible for the credit approval archiving and reporting matters.

The response rate of the questionnaire can be calculated in different ways. The questionnaire was sent out to 124 Credit Managers and Credit Analysts of the LeasePlan group. 66 answers were received, which gives an response rate of 53,23%. Even if this is an acceptable response rate, it does not give the correct picture of the response rate of this questionnaire, as several countries informed me that they will have one person, who is actually responsible for the credit approval archiving and reporting, answering the questionnaire. For example the Credit Manager for Germany answered not only for Germany's behalf, but also on behalf of Switzerland, as he is handling the issues for both countries. In Figure 6 it can be seen which countries informed about one person answering the questionnaire and how that reduced the expected amount of answers of the questionnaire.

By receiving the e-mails about the respondents from the countries shown in figure 6 a new respond rate can be calculated. The original amount of questionnaires, and expected respondents was then reduced from 124 to 96, which gives a corrected respond rate of 68,75%.

Country	Questionnaire sent to respondents	Respondents reported
Germany & Switzerland	6	1
United Kingdom	3	1
Greece	4	1
Ireland	3	1
Luxembourg	4	1
Norway	2	1
New Zealand	3	1
Portugal	8	1
Slovakia	3	1
Turkey	2	1
Total	38	10

Figure 6. Countries which reported about one respondent

There is yet a third way of calculating the respondent rate, as it was important to receive answers from as many countries as possible, and that is the respondent rate of the countries. The respondent rate per country can be viewed in Appendix 2. The questionnaire was sent out to 30 LeasePlan countries, of which 28 answered, which gives and country respondent rate of 93,33%. The three respondent rates can be viewed in figure 7.

Original respondent rate	53,23 %
Corrected respondent rate	68,75 %
Country respondent rate	93,33 %

Figure 7. Respondent rates

Answers from the questionnaire can be viewed in appendix 3.

4.1.1 Results regarding credit approval archiving process

Regarding the credit approval archiving process I needed to know what forum would be suitable for the archiving and what document respondents in other countries felt that would be appropriate to archive. LeasePlan has a Global Credit Risk Monitoring System (GCRMS), which could be a tool for archiving the credit approval documents electronically.

On the question where I asked “Would you consider GCRMS attachments a good place for electronically archiving the documents related to the credit approval”, 93,9% of the respondents answered yes. Of the 6,1% that answered that they do not feel GCRMS is a good place to electronically save the credit approval documents the following comments was received:

- "The files are not named after their original names= access is not direct but one has to search for the specific Credit Request to find the file she/ he needs."
- "Individuals other than those with access to GCRMS have access to review these items. Admittedly a select few."
- "You can't choose attached profitability or guarantee from GCRMS attachments into new credit proposal."
- "We do not use the GCRMS attachments function"

Regarding the comments above LeasePlan in Finland wants to have the documents attached to a certain credit request, which the documents are related to. When a new credit request is made there are new documents that relate to the new credit request archived. Another purpose with using GCRMS is that only the persons that have access to the GCRMS system has access to the archived documents, as the documents are not meant to be read by unauthorized persons, due to somewhat high risk information such as pricing etc that can be viewed in the document of profitability model.

From the outcome of the question it can be seen that GCRMS is a good solution for a forum where credit approval documents can be electronically archived and linked to the correct credit request.

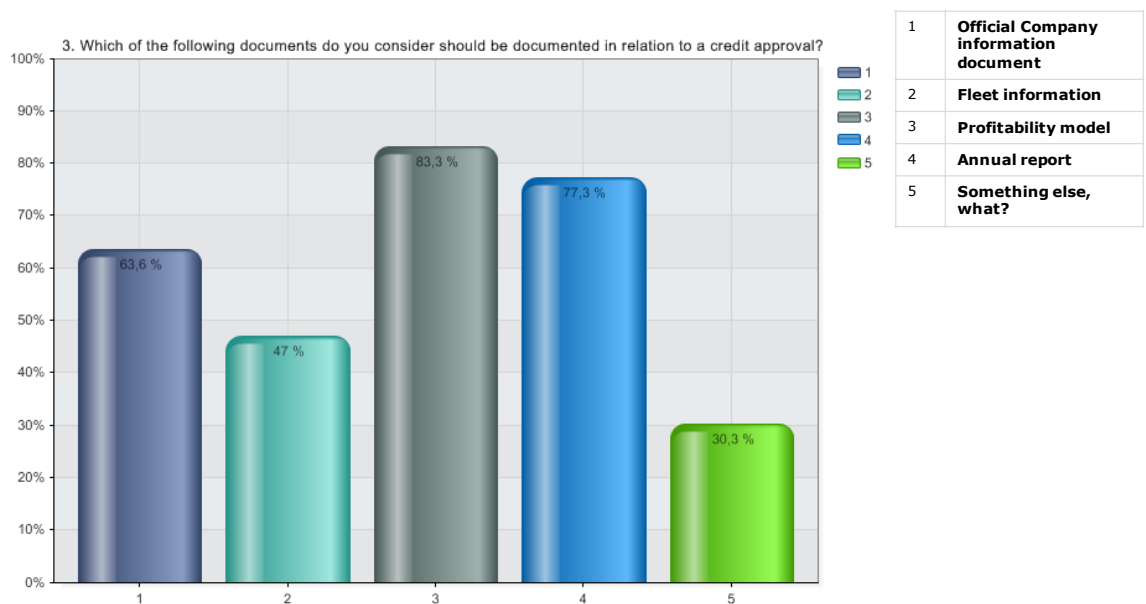


Figure 8. Documents that should be archived with the credit approval

When asking about the documents that need to be archived in relation with the credit approval it can be viewed from figure 8 that the profitability model calculation outcome and annual report are the most important documents, but also official company information document and the fleet information seems to be important documents to archive. Figure 8

also shows that 30,3% of the respondents suggested other documents to be attached. These documents can be seen in figure 9.

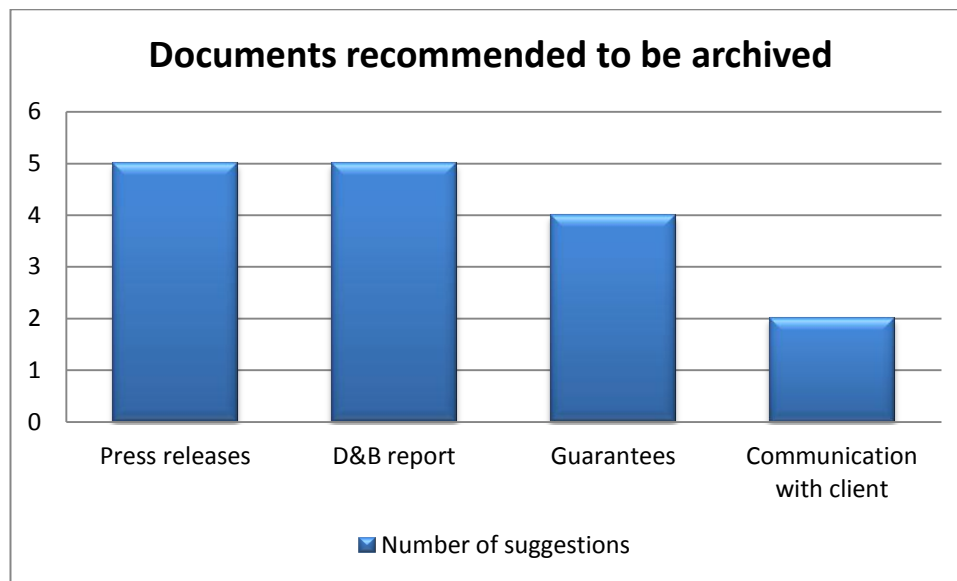


Figure 9. Other documents recommended to be archived with the credit approval

Figure 9 shows the documents that were suggested by the respondents. The documents that had more than one suggestion are showed in the figure. Many LeasePlan countries use the D&B database when making the credit request however LeasePlan Finland is not using the Dun & Bradstreet information as a main credit information provider, but instead use Asiakastieto, which is a local credit information company. The information gained from Asiakastieto is the official company information, external payment behavior and shareholders of the company.

After analyzing the questionnaire and by keeping the Basel II framework in mind it can be said that Finland should archive following documents with the credit approval; Annual Report, Profitability Model, official company information (Asiakastieto), Fleet information, guarantees and possible press releases related to the decision making of the credit request.

4.1.2 Results regarding credit approval reporting

Topics in relation to the reporting of the credit approval requests that were researched in the questionnaire were how often the reporting is made, if the base information of the reporting could be extracted from GCRMS and in what system/program the reporting could be built as well as which elements should be reported regarding the credit approvals.

To find out how often the credit approvals reporting should be made it was asked how often countries make their reporting. 84,8% answered that they make the reporting on a monthly basis and from the ones that does not make the reporting on monthly basis some made the reporting on a weekly or annually basis, or only by demand. As explained earlier Basel II requires that a credit institution needs to have a credit risk committee that usually meets once a month and that there should be an adequate system of monitoring and reporting risk exposures. Therefore based on the outcomes of the questionnaire and the Basel II framework the credit approval reporting in LeasePlan Finland should be prepared on a monthly basis and presented in the local credit committee.

To be able to actually build the reporting it needed to be discovered from where the base information for the reporting could be taken and in what system/program the reporting could be built. Of the respondents 83,3% felt that the GCRMS system is the best place from where to extract the base information for the reporting. The remaining respondents used mainly some local excel file or NOLS database, which is the operational leasing system, for extracting the information needed for the reporting. Excel seemed to be the most popular system for building the reporting, as 86,4% of the respondent felt that would be the best forum for the reporting. But there were a few countries using SAP, or just the raw information gained from GCRMS. Based on the results of the questionnaire it can be suggested that Excel is a good system to build the credit approval reporting in.

The remaining questions of the questionnaire concerned the elements that the reporting should consist of. To make the questionnaire as clear and easy to understand and answer as possible the elements were divided into considering corporate credit approvals, new clients credit approvals and other elements.

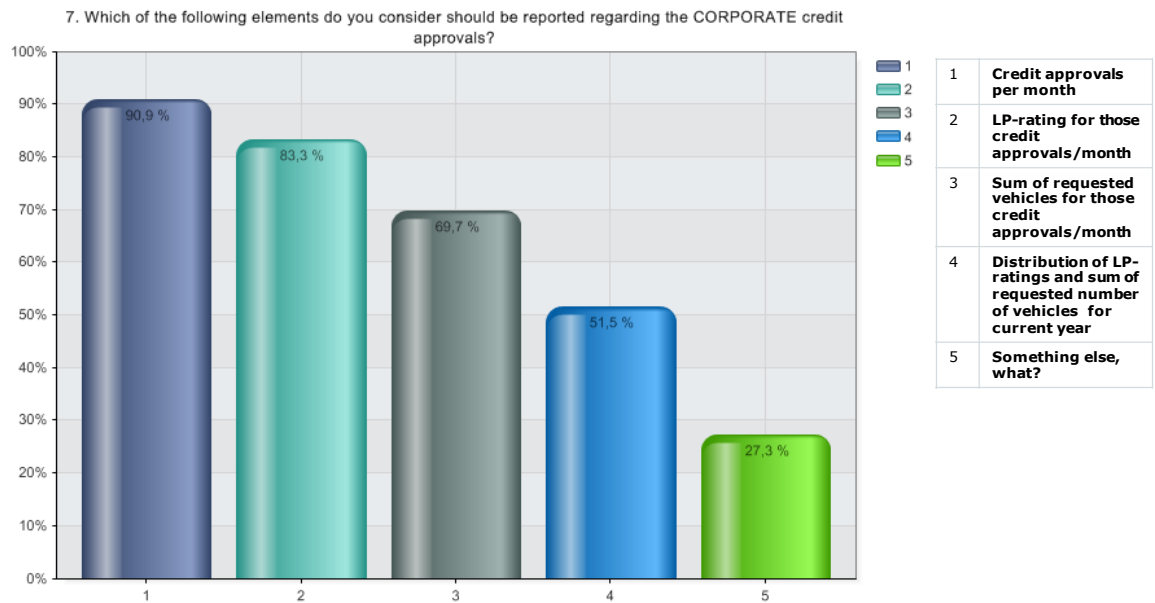


Figure 10. Elements to be reported concerning the corporate fleet

From figure 10 it can be seen that all the suggested elements are relevant for over 50% of the respondents. The reporting should therefore include the credit approvals per month, LP-rating for credit approvals/month, sum of requested vehicles per credit approval/month and distribution of LP-ratings and sum of requested number of vehicles for current year. 27,3% also suggested other elements to be reported, these will be discussed later in this section and can be viewed in Figure 13.

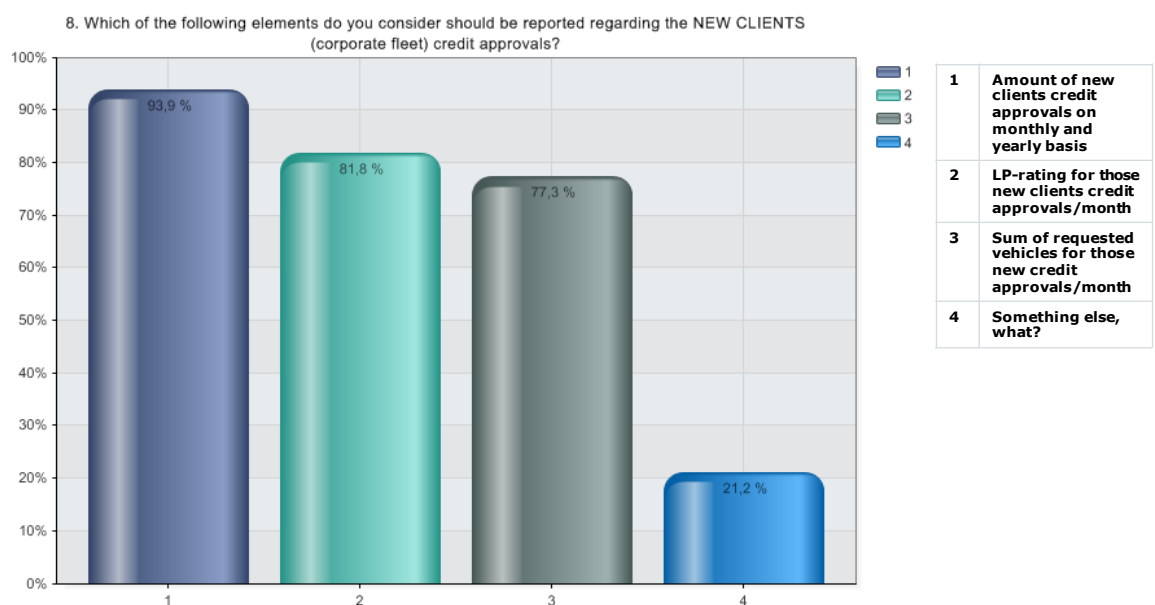


Figure 11. Elements to be reported concerning the new clients

Elements that respondents felt important to be included in the reporting related to new clients were number of new clients credit approval on monthly and yearly basis, LP-rating for those new credit approvals/month and number of requested vehicles for those new credit approvals/month. Of the respondents 21,2% also suggested other elements to be reported, these will be discussed later in this section and can be viewed in figure 13.

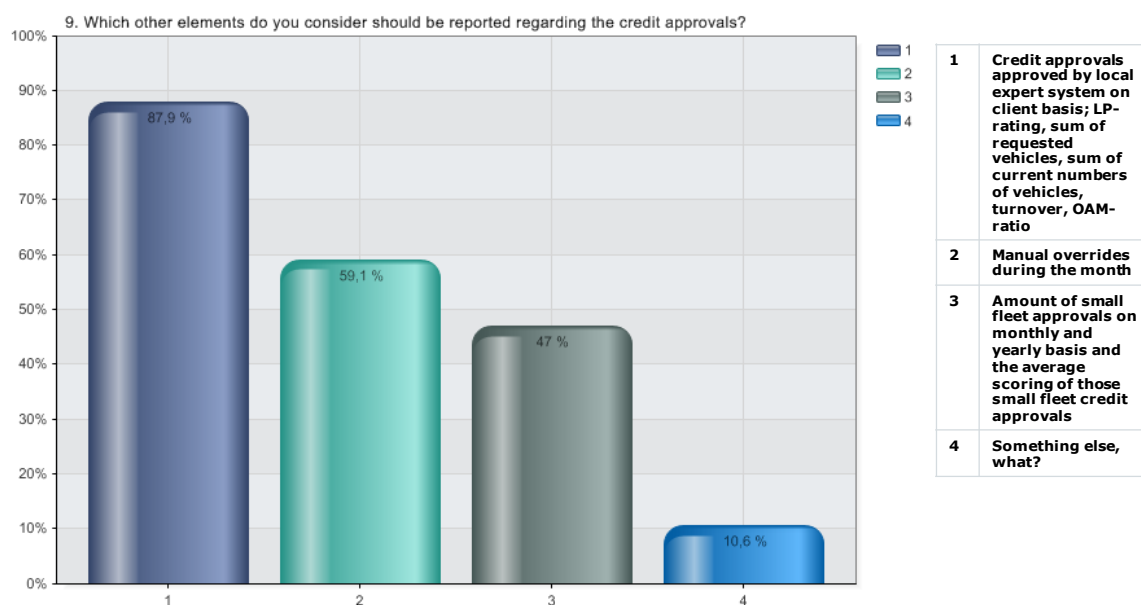


Figure 12. Other elements to be reported

Other elements that were mentioned in the questionnaire and that over half of the respondents felt were important to report were credit approvals approved by local expert system on client basis and manual overrides during the month. Every country do not have an approved small fleet credit system, which could explain that only 47% of the respondents felt that number of small fleet approvals on monthly and yearly basis, and the average scoring of those small fleet credit approval, should be included in the credit approval reporting. However LeasePlan Finland has an approved small fleet solution and therefore that element should be included in the reporting. Of the respondents 10,6% also suggested other elements than the ones mentioned in the questionnaire to be reported, these will be discussed later in this section.

There were altogether 38 respondents that suggested other elements on some of the three questions regarding the elements that should be included in the reporting. This shows that the respondents have actively thought about the questions and engaged in answering the questionnaire as well as possible. Other elements to be reported than the ones mentioned in the questionnaire can be viewed in figure 13. The figure 13 shows relevant elements that

received more than one suggestion from the respondents. Most suggestions were given to adding comparable return as an element to the reporting. LeasePlan Finland has not had comparable return in the reporting before, but it seems to be an important element that could be added when building the new reporting.

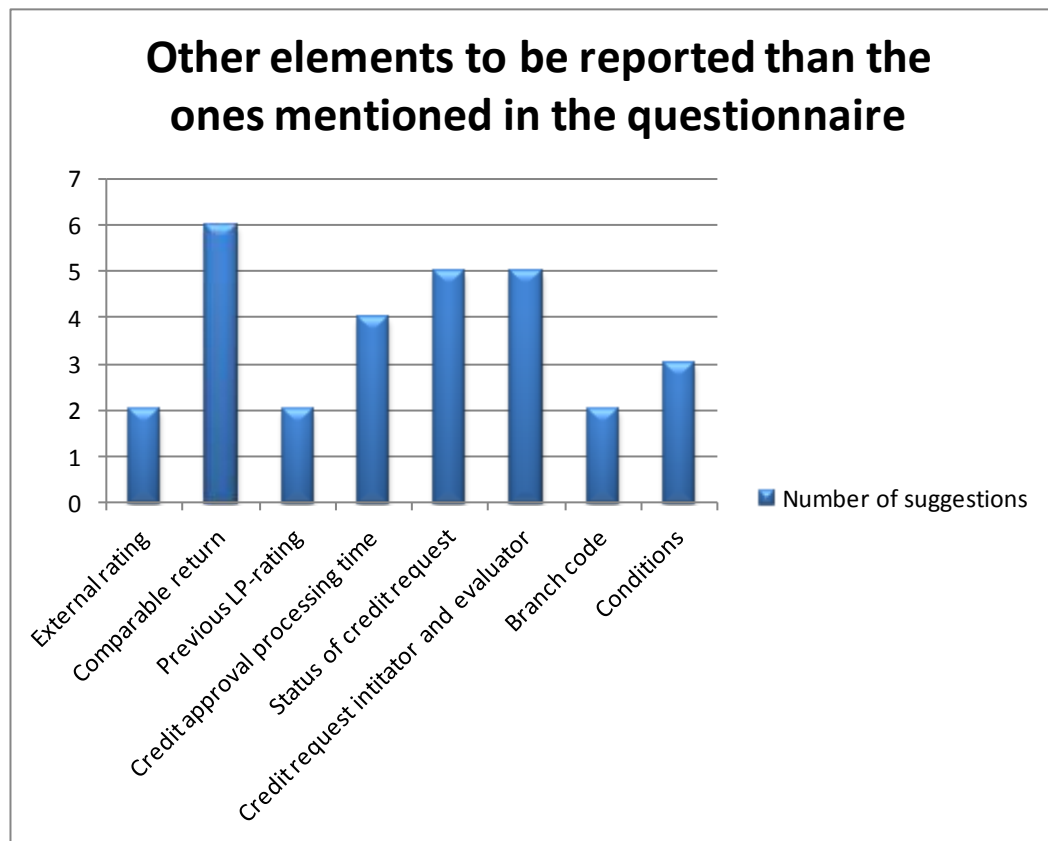


Figure 13. Other elements to be reported than the ones mentioned in the questionnaire

Two elements that received the second largest number of suggestions were the status of the credit request and the credit request initiator and evaluator. LeasePlan Finland is however reporting the approved credit requests and therefore there is no need to separately mention that the status of the credit request is approved. Also the element of credit request initiator and evaluator is not suitable for LeasePlan Finland as there are only four users of the GCRMS in Finland. In other countries with larger credit departments these two elements are most probably important and valid elements to the reporting. Credit approval processing time and conditions as elements added to the reporting also received some suggestions as well as external rating, previous LP-rating and branch code for the counterparties. These all are elements that would be nice to have in the reporting.

4.1.3 Conclusions on findings based on the questionnaire

Archiving of credit approvals

Based on the results from the questionnaire regarding the credit approval archiving process that can be found in section 4.1.1 GCRMS is a suitable forum for the electronic archiving of the documents related to the credit approvals. GCRMS is also a suitable forum when following the Basel II guidelines as all the documents related to the credit decisions are documented electronically with the credit request and the documents are possible to be reviewed at all time, by persons with the authority. The results of the questionnaire also shows that the electronic document to be archived with the credit approval should be the following:

- Annual report
- Profitability Model
- Asiakastieto fact sheet (including the official company information, external payment behavior and shareholders of the company)
- Fleet information
- Guarantees
- Press releases (related to the credit decision)

Legal situation	Market situation	Economic situation	Project evaluation	Debt service capacity	Other
Annual report	Annual report	Annual report	Annual report	Annual report	Profitability model
Asiakastieto	Press releases	Press releases		Asiakastieto	Fleet information
Press releases					Guarantees

Figure 14. Documents to be archived based on the Basel II framework

Basel II states that the documentation should include the necessary factors regarding the credit decision documents and they can follow the following five categories: legal situation, market situation, economic situation, project evaluation and debt service capacity. The documents related to the credit approvals based on the questionnaire and then divided into the five categories mentioned in Basel II can be seen in figure 14. In figure 14 it can be seen that all the categories of documentations based on Basel II are covered with the documents found relevant in the results of the questionnaire. The issues regarding the credit approval archiving is also discussed in the in depth interviews in section 4.2.

Reporting of credit approvals

From the results of the quantitative research it can be seen that the credit approval reporting could be done on a monthly basis, as also the credit committee meetings are to take place on a monthly basis. Regarding the tool for building the credit approval reporting the results of this part of the research indicates clearly that Excel would be a good tool for building the reporting and that the base of the information could be extracted from GCRMS system. These issues are also discussed in section 4.2 regarding the in depth interviews.

Elements for reporting based on questionnaire	
Included in reporting	Under consideration
Credit approvals per month	Comparable return
LP-rating for credit approvals/month	Credit approval processing time
Sum of requested vehicles for credit approvals/month	Conditions
Distribution of LP-ratings and sum of requested number of vehicles for current year	External rating
Amount of new clients credit approvals in monthly and yearly basis	Previous LP-rating
LP-rating for new clients credit approvals/month	Branch code
Sum of requested vehicles for new credit approvals/month	
Credit approvals approved by local expert system on client basis; LP-rating, sum of requested vehicles, sum of current number of vehicles, turnover, OAM	
Manual overrides during month	
Amount of small fleet approvals on monthly and yearly basis and the average scoring for those small fleet credit approvals	

Figure 15. Elements for reporting based on questionnaire

In figure 15 is showed the elements for reporting based on the results regarding credit approval reporting, presented in section 4.1.2. The elements are divided into elements that should be included in the reporting and items that after the results of the questionnaire are under consideration for being included in the reporting. The issue is further discussed in the in depth interviews in section 4.2.

4.2 In depth interviews

It was decided that in depth interviews with all members of the local credit committee should be conducted. The questions of the interviews are based on the theoretical framework presented in section 2 and on the results and findings of the questionnaire. This was decided to be necessary to ensure that the needs of LeasePlan Finland Oy:s credit approval reporting and archiving processes would answer the local needs. There are 3 local credit committee members in LeasePlan Finland and all three members were willing to participate and give an in depth interview. Therefore it can be said that the local credit committee participation in the in depth interviews were 100%. The results from the in depth interviews can be viewed in appendix 6 where the color coding analysis of the interviews is found.

4.2.1 Results regarding credit approval archiving process

From the outcome of the in depth interviews it can be found that all members of the local credit committee members agrees that GCRMS (Global Credit Risk Management System) is a suitable forum for archiving the documents related to the credit approval in electronic form. The most important reason for storing the electronic documents in GCRMS is that all documents can be found in one place, together with the approval. Other reasons were that LeasePlan Coporation is updating and maintaining the GCRMS system and that archiving the documents electronically saves paper.

Regarding the question of who should have access to the archived credit approval documents the credit committee members all felt that the credit manager and the final approvers of the credit request (credit committee members) should have access to the documents. It was also suggested that sales personnel should have some kind of access to system to be up to date with the credit situation of their prospects. This was felt important because the sales personnel then would know when the credit request of a prospect would be approved / rejected and if there were possible conditions related to the prospect mentioned in the credit request. In that way the sales personnel could know when and if to proceed with the agreement negotiations with the prospect, without asking the credit manager separately. It also was clear that all archived documents, related to the credit approval, should be available also for other LeasePlan countries.

In figure 16 the color coding results of the document that should be archived in relation to credit approval are showed. From the results it can be seen that the credit committee members felt that the most important documents to be archived are the annual report and Asiakastieto official company information document. The profitability model and the agreements were mentioned by two of the three interviewees. Other documents mentioned were guarantees, communication with client that directly affects the approval, press releases, fleet information and trade register.

Documents important to archive in relation to the credit approval (Question 3)	Interview 1	Interview 2	Interview 3	Total
Annial report	1	1	1	3
Asiakastieto	1	1	1	3
Agreement	1		1	2
Trade register	1			1
Profitability		1	1	2
Quarantees		1		1
Communication with client that directly affects the approval			1	1
Press releases, fleet information,			1	1

Figure 16. Documents important to archive in relation to credit approval

All interviewees agreed on that the archiving time of the credit approval documents should be until at least five years after a contract with a client has ended.

4.2.2 Results regarding credit approval reporting

Based on the interviews Excel is seen as a suitable tool for building the credit approval reporting and the reporting should be made on monthly basis for the credit committee meeting.

Elements that should be included in the credit approval reporting (Question 6)	Interview 1	Interview 2	Interview 3	Total
Current elements	1	1	1	3
Change or prolongation of limit during the approval period	1			1
Conditions	1	1	1	3
Previous LP-rating	1		1	2
Profitability		1	1	2
Type of contract		1		1
External rating		1		1

Figure 17. Elements that should be included in the credit approval reporting

In figure 17 it is shown what elements the interviewees felt are important for the credit approval reporting. In figure 17 the results are presented based on the color coding of the interviews results. All interviewees felt that the current elements of the reporting should remain. Additionally all credit committee members suggested that conditions should be added to the reporting. Two interviewees felt that previous LP-rating would be a good element to add to the reporting. There were also following elements suggested by single credit committee members; comparable return, external rating, type of contract, profitability, change or prolongation of limit during the approval period.

4.2.3 Conclusions on findings based on the in depth interviews

Archiving of credit approvals

Based on the results of the interviews it can be seen that GCRMS is a suitable place for archiving the credit approval documents. The access to the archive should not be limited just to LeasePlan Finland, but all authorized personnel in the LeasePlan countries should be able to have access to the documents. In Finland the authorized personnel should be the ones with access to GCRMS system and possible sales personnel.

In figure 18 it can be seen that the credit approval documents that the interviewees felt important to archive, based on the Basel II framework, are the following:

- annual report
- Asiakastieto (including the official company information, external payment behavior and shareholders of the company)
- profitability model
- fleet information
- press releases
- guarantees
- agreements
- communication with client that directly affects the approval

Legal situation	Market situation	Economic situation	Project evaluation	Debt service capacity	Other
Annual report	Annual report	Annual report	Annual report	Annual report	Profitability model
Asiakastieto	Press releases	Press releases		Asiakastieto	Fleet information
Press releases				Guarantees	Agreement
					Communication with client

Figure 18. Documents to be archived based on the Basel II framework

The archiving time for the credit approvals were recommended to be at least five years after a contract with a client has ended.

Reporting of credit approvals

The interviews showed that Excel is a suitable tool for building the credit approval reporting and that the reporting should be done on monthly basis.

Elements for reporting based on in depth interviews	
Included in reporting	Under consideration
Credit approvals per month	Type of contract
LP-rating for credit approvals/month	External rating
Sum of requested vehicles for credit approvals/month	Change or prolongation of limit during the approval period
Distribution of LP-ratings and sum of requested number of vehicles for current year	
Amount of new clients credit approvals in monthly and yearly basis	
LP-rating for new clients credit approvals/month	
Sum of requested vehicles for new credit approvals/month	
Credit approvals approved by local expert system on client basis; LP-rating, sum of requested vehicles, sum of current number of vehicles, turnover, OAM	
Manual overrides during month	
Amount of small fleet approvals on monthly and yearly basis and the average scoring for those small fleet credit approvals	
Conditions	
Comparable return (profitability)	
Previous LP-rating	

Figure 19. Elements for reporting based on in depth interviews

In figure 19 is showed the elements for reporting based on the results regarding credit approval reporting, presented in section 4.1.2. The elements are divided into elements that should be included in the reporting and items that after the results of the interviews are under

consideration for being included in the reporting. The issue will be discussed further in section 5 regarding the recommendations based on the findings and results of the qualitative and quantitative research.

5 Recommendations

In this section the recommendations for what measures should be taken to improve the credit approval archiving and reporting are given. The measures are based on the theoretical framework, which can be found in section 2, and on the results and findings of both the quantitative and qualitative research, which are presented in section 4. The recommended measures for the credit approval archiving are presented in section 5.1 and the recommended measures regarding the credit approval reporting in section 5.2.

5.1 Recommendations for improving the credit approval archiving process

In the recommendations the focus is on by whom the information regarding the credit archiving process is needed and what tool would be suitable for the archiving, as well as what documents are important to archive and the archiving time. This is discussed in order to be able to make a functional process description before actually implementing the improved archive for the credit approval documentation.

As was stated in the theoretical framework an electronic archiving system needs to be well planned and the suitable software for the archiving has to be found. I have followed the process of going paperless that was presented by Dimopoulos, which can be found in section 2.3.2. According to Dimopoulos there are three stages in the process of going paperless;

1. Plan and design the paperless ecosystem
2. Acquire and set up the paperless ICT system
3. Transition from paper-based to paperless

In this section I will complete stage one, by planning and designing the paperless ecosystem and giving my recommendations to the company on how to set up the paperless ecosystem.

5.1.1 Electronic filing of credit approval documents in GCRMS

Based on the results of the quantitative and qualitative research it can be recommended that the new credit approval document archive will be electronic and built in the GCRMS (Global Credit Risk Monitoring System), which is maintained and updated by LeasePlan Corporation.

GCRMS is secure and safe against computer failure and only authorized personnel of LeasePlan group has access to the system. These are all important issues regarding to the theoretical framework of this thesis. The electronic documentation in GCRMS is also in line with the Basel II framework that states that the credit file has to be documented in such a way that it is possible to review at any time.

By electronically filing the credit approval and its supporting documents the efficiency of the credit approval archiving process is increased. It also reduces the risk of misplacing or loss of documents and makes it possible for several users to view the same document simultaneously. There will also be cost savings in form of paper costs and storage space. Based on the above mentioned reasons it can be said that the decision to electronically archive the credit approval documents is timesaving, cost/storage space saving and makes the archiving and document handling more smooth and reliable.

Based on the qualitative research and on the guidelines of LeasePlan Corporation it is decided to archive the credit approval documents for a minimum of five years after the contract with the client has ended.

5.1.2 Who should have access to the credit approval archive

From the qualitative interview results it can be seen that the personnel that currently has access to GCRMS, and works with the credit request, also should have access to the electronic credit approval archive. This is natural and also recommended in for the future. But additionally there were requests that the sales personnel should get access to the credit approval archiving. After discussing with the sales personnel and considering the matter, I feel that there is no need for the sales personnel to get access to the credit approval archiving. The reason for this is that the sales personnel is not interested and makes no usage of the credit approval documentation, they are interested to know if the credit request has been approved/rejected and if there are any conditions related to the approval. Therefore the recommendation is to investigate in the possibility to create an e-mail notice to the sales personnel that will be sent out automatically by GCRMS when a credit request as been approved /rejected including possible conditions related to the credit approval. This way there would be no need for the sales personnel to access GCRMS and search for the credit file, and the automatic e-mail will therefore save both time and effort.

5.1.3 Documents recommended to be archived

Regarding what supporting documents should be archived related to the credit approval the recommendations are based on the Basel II framework as well as the results and findings of the quantitative and qualitative research. Basel II states that the necessary factors regarding the credit approval should be documented under following five categories: legal situation, market situation, economic situation, project evaluation and debt service capacity. Therefore the documents that according to the findings of the quantitative and qualitative research are important to archive are put into the five categories based on Basel II. Additionally I have added one category “other”, which includes documents that might not be required according to Basel II five categories, but which are important documents for LeasePlan Finland Oy to be able to make a correct and reliable credit decision. In figure 19 the different categories and the related documents can be viewed.

The following supporting documents related to the credit approval are recommended to be archived and can be viewed in figure 20;

- Annual report
- Asiakastieto (including the official company information, external payment behavior and shareholders of the company)
- profitability model
- fleet information
- press releases
- guarantees
- communication with client that directly affects the approval

Legal situation	Market situation	Economic situation	Project evaluation	Debt service capacity	Other
Annual report	Annual report	Annual report	Annual report	Annual report	Profitability model
Asiakastieto	Press releases	Press releases		Asiakastieto	Fleet information
Press releases				Guarantees	Communication with client

Figure 20. Documents recommended to be archived in relation to credit approval

From figure 20 it can be seen that by archiving the recommended documents the Basel II requirements are fulfilled. Annual report is the most important document and gives information related to all five of the categories related to Basel II framework. The annual report is the base of the credit decision. Press releases, by which is meant information from

different media as well as the clients own press releases, covers three of the categories related to Basel II framework. Asiakastieto information includes the official company information, external payment behavior and shareholders of the company, which are elements that without a credit decision could not be made. Possible guarantees are also relevant for the credit decision and should therefore be archived with the credit approval. Different kind of guarantees is also important to have documented and easily accessed for later usage and review.

Documents that are important for LeasePlan Finland Oy to be archived, and which are to be viewed under category “other” in figure 20, are profitability model, fleet information and communication with the client. Profitability model needs to be archived with the credit approval as it shows the calculated or estimated profitability for the client for the company both as comparable result and return-rate. Profitability is important since there are internal comparable return targets set for approving client pricing. If the calculated profitability is below the set minimum level it has to be motivated in the credit approval. Fleet information is important documents because that makes the base of evaluating the credit limit for the client over a period of the following twelve months. Regarding the communication with the client the recommendation is that only communication that is relevant and important when making the credit decision is to be archived.

From the qualitative research it could also be seen that the agreement with the client was suggested to be included in the credit approval archiving and that the GCRMS could be the place where the agreements were archived. At the moment I do not see this possible as the agreements needs to be viewable for several parties in the company, such as key account managers, client service, sales personnel etc. I do not feel that archiving the agreements in GCRMS and giving the access to the GCRMS-system to a wide range of employees of the company would be neither efficient for the employees nor secure. I also doubt that LeasePlan Corporation would agree having employees not related to the credit approval process to access the system because LeasePlan Finland wants to use the GCRMS as an archive for the agreements. The agreements are currently archived in a place where all the personnel that needs access to the agreements have been given the right to view the agreements. In the findings and results of the quantitative research there were no indications for the need of archiving the agreements with the credit approval and I have neither found such requirements in the Basel II framework. Due to the above mentioned reasons I do not recommend to start

archiving the agreements in GCRMS at this point, as they are easily viewed in their current place by the authorized personnel.

5.1.4 The recommended credit approval archiving process

To make the recommendations clear I will here present the new improved recommended credit approval archiving process. Based on the theoretical framework it can be said that the credit approval archiving process is classified as a supporting process, as it support the core processes of the overall credit processes. I decided to visualize the recommended improved process by using a flowchart, which can be viewed in figure 21. The current credit approval archiving process can be viewed in section 2.1 figure 4. When developing the process the theoretical framework presented in section 2.4.1 was followed.

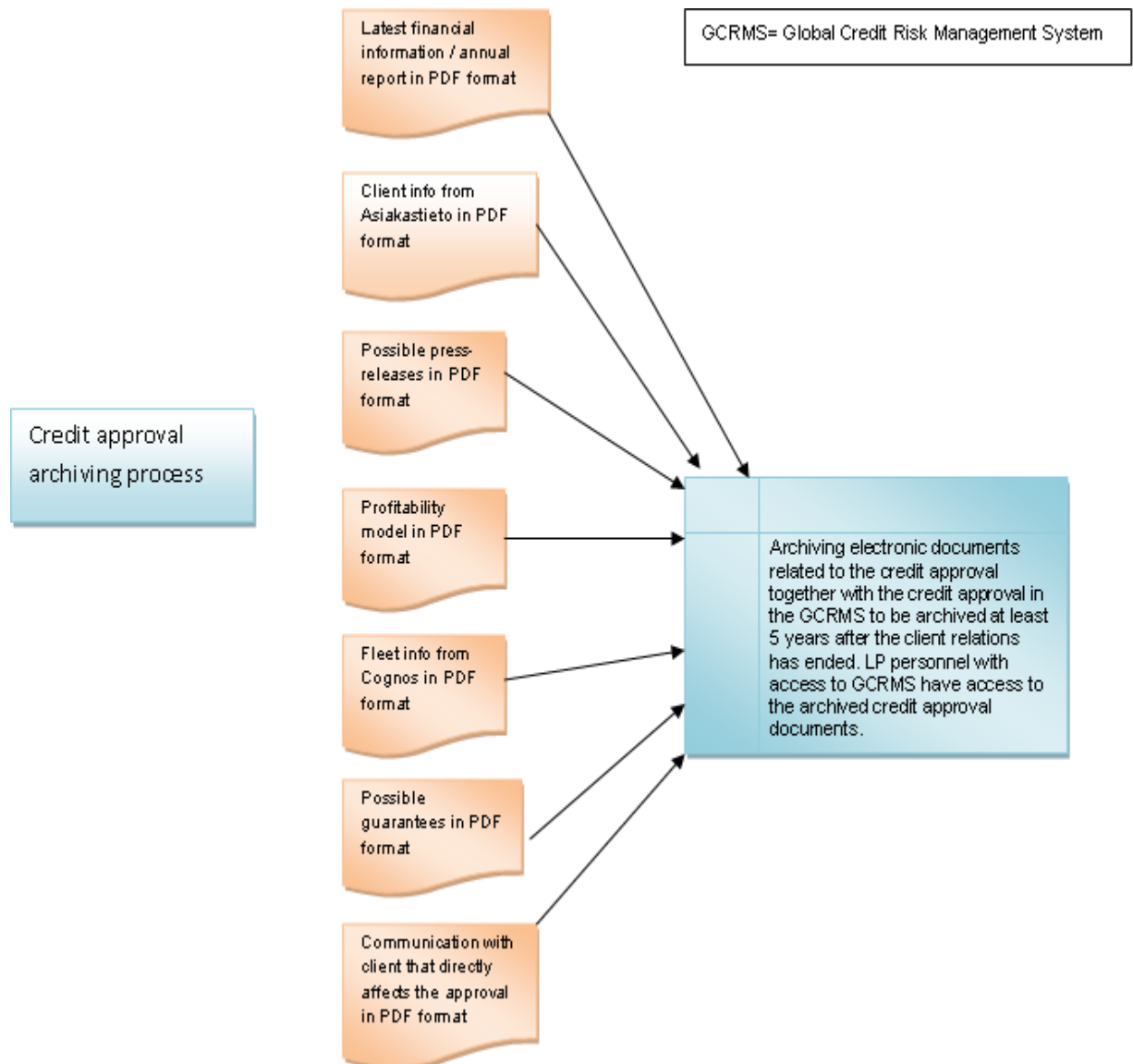


Figure 21. Improved credit approval archiving process

As described in the flowchart, figure 21, the new improved and recommended credit approval archiving process is based on electronic archiving. Compared to the old credit approval archiving process, figure 2, this means that the process has changed from archiving 20 to 200 pages of paper per credit approval to not archiving any paper documents at all. This means savings in both paper costs and storage space for the company. The recommended archiving process also gives the authorized personnel the possibility to access the credit approval archiving documents at any time, also simultaneously, and the risk of misplacing papers is reduced significantly. Electronic archiving also makes it easier to control unauthorized access to the documentation. Overall it can be said that the recommended new credit approval process is smoother, more ecological, time and storage space saving as well as more reliable than the old credit approval archiving process.

5.2 Recommendations for improving the credit approval reporting

In these recommendations regarding improvements of the credit approval reporting the focus is on what reporting is needed and possible format of that reporting as well as how often the reporting should be done. The recommendations are based on the theoretical framework and on the findings and results of the qualitative and quantitative research. According to the framework of Basel II, presented in section 2.3, as well as the Corporation policy, the credit committee needs reliable and sufficient reporting to be able to evaluate the credit approvals made and the possible risks.

5.2.1 Reporting in Excel on a monthly basis

Basel II framework states that credit committee meetings are to be kept regularly and the results of the questionnaire indicates that most countries make the credit approval reporting on a monthly basis, as do also LeasePlan Finland, and it is recommended that the credit approval reporting in LeasePlan Finland will be done on a monthly basis in relation to the credit committee meeting. This was also the result of both the quantitative and qualitative research.

Regarding building the reporting based both the quantitative and qualitative research indicated that Excel is to be recommended to be the reporting tool and the raw data that the report is based on is recommended to be extracted from GCRMS.

5.2.2 Elements recommended to be included in the reporting

The recommended elements to be included in the credit approval reporting are based on the theoretical framework as well as the quantitative and qualitative research. The recommended elements can be viewed in figure 22.

Recommended elements for reporting
Credit approvals per month
LP-rating for credit approvals/month
Sum of requested vehicles for credit approvals/month
Distribution of LP-ratings and sum of requested number of vehicles for current year
Amount of new clients credit approvals in monthly and yearly basis
LP-rating for new clients credit approvals/month
Sum of requested vehicles for new credit approvals/month
Credit approvals approved by local expert system on client basis; LP-rating, sum of requested vehicles, sum of current number of vehicles, turnover, OAM
Manual overrides during month
Amount of small fleet approvals on monthly and yearly basis and the average scoring for those small fleet credit approvals
Conditions
Comparable return (profitability)
Previous LP-rating

Figure 22. Recommended elements for reporting of credit approvals on a monthly basis

Corporate fleet

Regarding the corporate credit approvals per month the following elements are recommended to be included in the reporting:

- credit approvals per month
 - number of approvals
 - average LP-rating
 - number of current vehicles
 - number of requested vehicles
 - amount of requested credit limit
 - comparable return
 - previous LP-rating

The above elements are chosen to give an insight in the credit approval actually made during the month discussed in the credit committee meeting.

- yearly overlook (current year)
 - distribution of LP-rating
 - sum of requested number of vehicles
 - sum of requested credit limit
 - Average comparable return

The above elements give the credit committee information on the current year on a more overall basis, to follow the possible changes during the year.

- New corporate clients
 - Number of new clients credit approvals in monthly and yearly basis
 - LP-rating (monthly basis)
 - Sum of requested vehicles (monthly basis)
 - Sum of requested credit limit (monthly basis)
 - Average comparable return

The above elements gives information about new clients accepted/rejected on both monthly and yearly basis to the credit committee.

- Credit approvals approved by local expert system on client basis
 - LP-rating
 - sum of requested vehicles
 - sum of current number of vehicles
 - sum of requested credit limit
 - turnover
 - OAM (own and associated means)

Regarding the credit approvals approved by the local expert system the above information has the most relevant information that the credit committee can asses during the monthly meeting.

- Manual overrides during month
- Conditions

Manual overrides are important to be monitored and assessed by the credit committee to ensure the validity of the overrides. Conditions are also important to be discussed and reviewed in the meeting, as they are essential for prospects/clients with lower LP-rating and a weaker financial position.

Small fleet

Regarding the small credit approvals per month the following elements are recommended to be included in the reporting:

- Number of small fleet approvals on monthly and yearly basis
- Average scoring for those small fleet credit approvals
- Approved with conditions

The above mentioned elements are recommended to be included in the reporting as they give the credit committee a good insight in the small fleet credit approvals.

6 Implementation of recommendations in LeasePlan Finland Oy

In this section the implementation of the recommended improvements to the credit approval archiving and reporting process is described and discussed. The implementations are approved by the Financial Director of LeasePlan Finland Oy, as recommended in section 5.

6.1 Paperless credit approval archiving

When implementing the electronic archiving process of credit approvals the theoretical framework of Dimopoulos is followed. The theory of Dimopoulos is presented in section 2.3.2 and consists of three stages in the process of going paperless; plan and set up the paperless ecosystem, acquire and set up the paperless ICT system and transition from paper-based to paperless. The first stage of planning and designing the paperless ecosystem can be viewed in section 5.1, where also the new paperless credit approval archiving process can be viewed in figure 21. In this section the following two stages of Dimopoulos is used to make the implementation of the new process as smooth and effective as possible.

6.1.1 Acquire and set up the paperless ICT system

The electronic credit approval archiving is built in the GCRMS system. The GCRMS (Global Credit Risk Management System) is an already existing global credit approval system, which is compulsory to use in all LeasePlan countries for corporate credit approvals. The credit approval document archiving has, until the implementation of the new electronic archiving, been handled outside the system by archiving the printed credit approvals together with documents related to the credit approval, in a storage room.

GCRMS is a good place for electronic storage of credit approval documents as it is an existing platform that is maintained and updated by the corporation, and the access to the system is controlled on a global basis. This means that authorized personnel from all LeasePlan countries has access and can view the archived documents when needed, without depending on place and time of the viewer. The GCRMS system is good also because it has a possibility to attach documents to the counterparty (client) itself and/ or to a specific credit approval.

It was decided that the documents related to possible required conditions are to be attached as PDF files on a counterparty level, from where the needed condition is chosen when a LP-

rating and a new credit request is initiated. The rest of the recommended credit approval documents, which can be viewed in figure 20 in section 5.1.3 are to be uploaded and electronically saved together with the credit approval. The archived documents can be viewed by all authorized personnel within LeasePlan Group, at any needed time.

The possibilities regarding the recommended automatic e-mail to the sales personnel to inform them when a credit approval has been approved/ rejected and if there are possible conditions to the credit approval were investigated. An automatic e-mail that will go to the sales personnel each time a credit approval is approved or rejected has been created and also a statement if the credit approval acquires any condition is included in the e-mail.

6.1.2 Transition from paper-based to paperless

When all the steps in the new electronic credit approval archiving process worked as required the new process was taken into practice. This stage was very smooth and easy as all personnel that are using the new electronic archiving has been a part of the project already from the beginning. They have had the possibility to influence the outcome of the project as they have been interviewed in the qualitative research of this thesis, and have been positive towards the process changes. They have also been showed how to find the electronically archived documents and are fully capable of utilizing the credit approval archive when needed. Overall it can be said that the transition from paper-based to paperless archiving of credit approval documents has been very fast, smooth and without any complications.

6.2 Improved and rebuilt credit approval reporting

The improved credit approval reporting was built in Excel, using macros and pivot functions. For the actual building of the reporting an external Excel consult was hired. The external consult and the researcher worked together for three days to build the reporting based on the recommendations of this thesis and the layout designed by the researcher. The goal was to make the report as smooth and easy and automatic as possible.

6.2.1 Issues when designing the report

When starting to design the report, based on the recommendations in section 5.2, it was found that some of the recommended elements were not in the raw data that can be extracted from GCRMS. The following data was missing:

- Amount of requested credit limit
- Previous LP-rating
- Turnover
- OAM-ratio

Therefore a helpdesk request to LeasePlan Corporation regarding above mentioned items to be added to the raw data in the future was made. The change request was denied, based on motivation that the raw data is used globally and cannot be changed.

As average investment was to be found in the raw data, it was after discussion with the Financial Director decided to use average investment instead of the amount of requested credit limit. Previous LP-rating was decided not to be part of the report. Regarding the last two elements, turnover and OAM-ratio, they will be manually entered to the reporting for the time being.

6.2.2 Building the actual reporting

When the designing phase was done the actual building of the reporting started. To get the reporting as smooth as possible an external Excel consultant was hired to build the reporting together with the researcher. The building of the reporting was estimated to take max two days, but in the end three days was needed to finish the building of the report. The report was built using macros, which means that manual work is limited to a minimum. The manual work consists of bringing in the raw data for the reporting and the rest is done by macros. That way the risk of human mistake in the manual work is minimized and the reporting is more reliable. Overall it can be said that building of the report went well, even if the time estimate of two days was exceeded.

6.2.3 Usability of the improved credit approval reporting

The usability of the new credit approval report is good. The new report is easy and quick to use and manual mistakes are minimized. The needed raw data is brought into the Excel file or opened, and after that a button in the Excel file is pushed to trigger the macros to make the report automatically. After that the only manual work is to enter the turnover and OAM-ratios for the credit approvals which have been approved by the Expert System during the reporting month. Then the report is finished. The process description for the credit approval reporting can be viewed in figure 23.

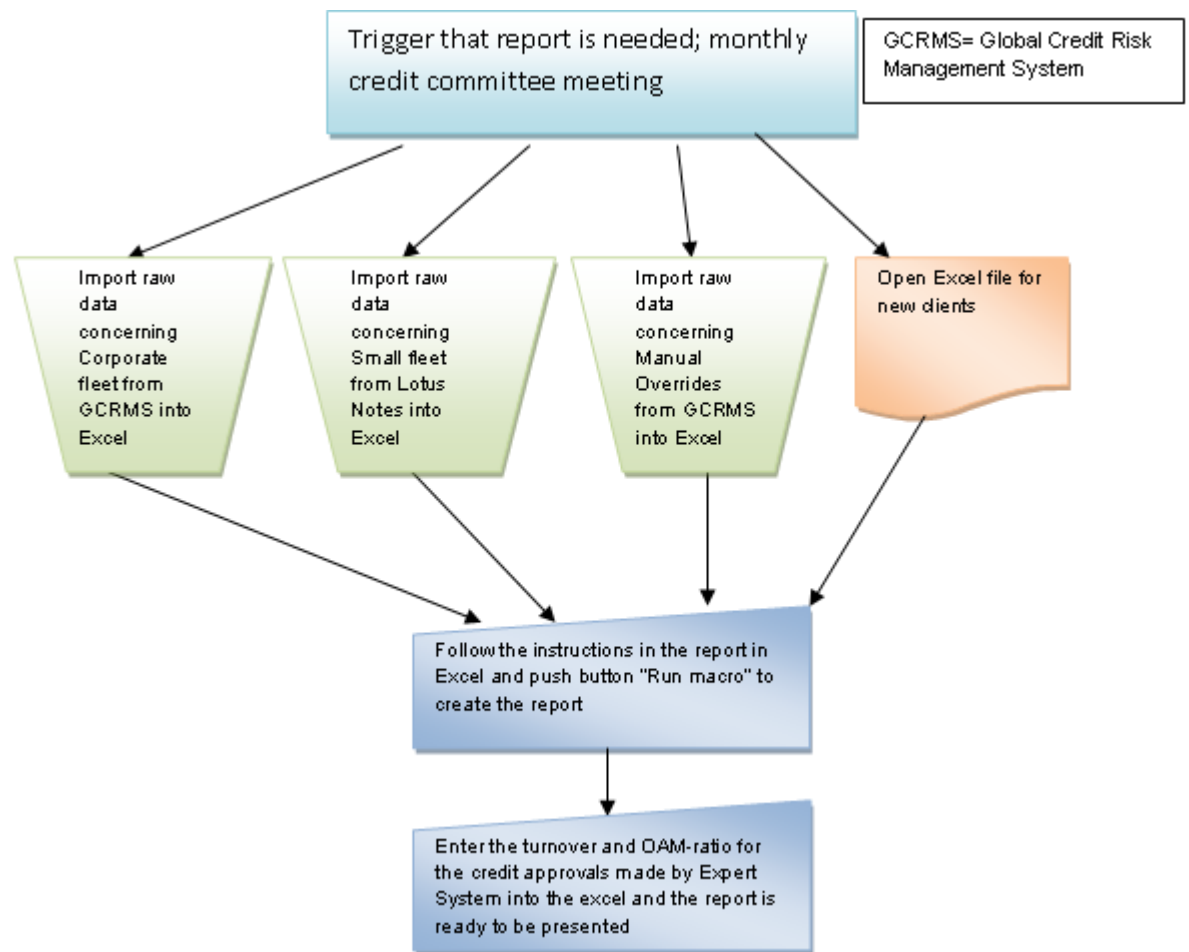


Figure 23. The credit approval reporting process

The visual layout of the report is clear and only the elements found important and necessary in the research and by the theoretical framework are reviewed. The report consists of different segments, which were presented in section 5.2.2, and they are the following;

- Corporate fleet
- Corporate fleet yearly overview

- New corporate clients
- Credit approvals approved by local expert system
- Manual overrides
- Conditions

Additionally to the segment based reporting the report automatically makes a few charts to show the important elements of distribution of LP-rating and comparable return as visually and clearly as possible. Overall it can be said that the report is easy to read and gives a visually good insight in the credit approvals made and the important issues related to these credit approvals.

7 Assuring reliability and validity

I feel that one possibly critical step in conducting my research was to get back answers to questionnaires sent out to the other LeasePlan countries. Therefore I created the questionnaire in a program called QuestBack which is well known for the respondents. QuestBack is the tool used in the LeasePlan group regarding questionnaires and therefore the layout is familiar to the respondents. To further ensure a satisfying respondents rate I sent out the questionnaire by e-mail from my e-mail address at work and carefully explained the purpose of the questionnaire and the importance of answering the questions.

For this thesis project it was important to receive at least one answer from as many LeasePlan countries as possible, to ensure that the different ways handling the credit approval archiving and reporting processes locally could be identified. Therefore I decided to send out the questionnaire to both Credit Managers and Credit Analysts in the countries to ensure that the person handling the credit approval archiving and reporting answered the questionnaire. The response rate of the questionnaire was satisfying as can also be viewed in figure 7. The high response rate per country guarantees that the results of the findings are reliable. Another issue that reflects the reliability of the result is that the questions were constructed based on the theoretical framework used in the research.

Another critical step was conducting the interviews as there could be possible biases because I work at the company where the research is taking place. I still believe that the researcher working in the researched company is more an advantage than a risk. I tried to construct the questions with an open mind and was careful not to interrupt or give my own opinions during the interviews. To make the results of the findings from the interviews relevant and as comprehensive as possible the questions were constructed based on the theoretical framework discussed in section 2 and on the results from the findings of the questionnaire.

Analysing the interviews could have been a risk and therefore I recorded the interviews to get all possible information gained from the interviews. Additionally I made notes during the interviews. I made only one interview per day and transcribed the interviews the same day, when the interviews were still in fresh memory. This was done to avoid possible misunderstandings or wrong assumptions due to the fact that a longer time period would have passed from the time of the interview and therefore not in memory anymore. Even if the interviews were recorded there could have been parts that were not so clear to listen to in the

tape and therefore it was important also to be able to remember what was said in the interview and by having also the notes made during the interview.

Above mentioned measures ensures that the quality of the results of both the quantitative and qualitative research is on a high level. Additionally creating the credit approval archiving and reporting was well planned and according to theoretical framework. To ensure the quality of the reporting an external excel consultant was used to build the reporting based on the layout and design made by the researcher.

8 Assessment of the business value of the thesis project

The discussion in this section is around the assessment of the business value of the thesis project. To be able to do this as reliable as possible I will use the measurements based on the SWOT analysis presented in section 3.4.1. The SWOT analysis can be viewed in figure 5. The measurements are chosen to follow-up and demonstrate the success of the project and renewed processes regarding the credit approval archiving and reporting. The chosen measurements are the following:

1. Time of filing (archiving process)
2. Number of printed paper (archiving process)
3. Time of reporting (reporting process)

The business value of the thesis project will be discussed through the measurements as well as other issues that affect the business value of the thesis.

In section 8.3 a SWOT analysis is presented based on the situation after the implementations of changes, to demonstrate the new situation compared to the SWOT analysis in section 3 that shows the pre-project situation. This is done to further show the business value this master thesis project has for the company.

8.1 Business value of the new credit approval archiving process

The new electronic credit approval archiving process was successfully implemented, based on the theoretical framework and the quantitative and qualitative research. The new process description can be viewed in figure 21.

8.1.1 Time of filing

One measurement decided to use to assess the business value of the thesis project is time of filing per credit approval. In the initial process the time of archiving the paper documents were approximately 7 minutes per credit approval. In the new improved archiving process the time of saving all the supporting documents electronically with the credit approval in GCRMS takes approximately 1 minute per credit approval.

Process measurement	Initial process	New process
Time of filing/credit approval	7 minutes	1 minute

Figure 24. Time of filing

From measurement showed in figure 24 it can be calculated that if approximately 400 credit approvals are made per year the archiving of these credit approvals used to take a little over 6 whole working days compared to 6,7 hours after the implementation of the new electronic credit approval archiving process. This shows that the business value this improvements gives to this process in man hours is significant.

8.1.2 Number of printed paper

Another measurement that is important and gives a picture of the business value is the number of printed paper. From figure 25 it can be seen that the number of printed paper archived per credit file used to vary from 20 to 260 printed pages. When the credit approvals and their supporting documents are archived electronically in GCRMS there is no need for archiving paper documents anymore. Therefore the measurement shows that the number of printed paper archived in relation to the credit approvals on a yearly basis has declined from being an average of 56 000 paper pages, to no paper archiving at all. This also gives a good measurable picture of the business value of this thesis project. There is no more need for physical storage space for the credit approvals and the amount of printed paper is reduced remarkably, which both will save costs for the company.

Process measurement	Initial process	New process
Amount of printed paper	20-260 printed paper pages per credit approval	0 printed paper page

Figure 25. Amount of printed paper archived

8.1.3 Other affecting issues

The electronic documentation in GCRMS is in line with the Basel II framework that states that the credit file has to be documented in such a way that it is possible to review them at any time. It also reduces the risk of misplacing or loss of documents and makes it possible for several users to view the same document simultaneously. GCRMS is secure and safe against computer failure and only authorized personnel of LeasePlan group has access to the system.

Above mentioned issues all shows the business value the new credit approval archiving process has for the company. By electronically filing the credit approval and its supporting documents the efficiency of the credit approval archiving process is increased and costs in man hours, printed paper and storage space is saved.

8.2 Business value of the rebuilt credit approval reporting

The credit approval reporting was successfully implemented, based on the theoretical framework and the findings of the quantitative and qualitative research conducted. The process description for the credit approval reporting process can be viewed in figure 23.

8.2.1 Time of reporting

A measurement chosen to describe the business value of the new credit approval reporting is the time that the reporting takes. On a monthly basis the reporting used to take approximately two hours to make. After implementing the new report, that is rather automated, the reporting takes approximately 10 minutes.

Process measurement	Initial process	New process
Time of reporting	2 hours	10 minutes

Figure 26. Time of reporting

From figure 26 it can be calculated that the credit approval reporting used to take around three days on a yearly basis, compared to two hours on a yearly basis after building the new more automatic credit approval archiving based on the research results and theoretical framework. This shows that the time saved in man hours is significant and that means that the new process is of value for the company.

8.2.2 Other affecting issues

As the framework of Basel II states, presented in section 2.3, as well as the Corporation policy, the credit committee needs reliable and sufficient reporting to be able to evaluate the credit approvals made and the possible risks related to these credit approvals. Therefore minimizing the manual work of the reporting makes the report more reliable, as the possibility

of human mistakes is reduced. The report used to be completely manually made, including a lot of copy/pasting from different excel files etc. After the implementation of the recommendations of this master thesis the report is mostly automatic and therefore the possibility of human mistake is reduced to a minimum. This gives business value to the company in form of reliable and sufficient data for the credit committee meetings.

Overall it can be said that the new credit approval reporting process makes the reporting more reliable and reduces the amount of man hours when making the monthly reporting, due to less manual work.

8.3 SWOT analysis

The SWOT analysis after the implementations of the recommendations, which were based on the theoretical framework and the results and findings from the quantitative and qualitative research, is showed in figure 27. The pre-project SWOT analysis can be viewed in figure 5 and the discussion regarding the situation can be read in section 3.4.1. Here the new improved situation and the business value that the improved situation, after the results of the research were implemented, is discussed and illustrated.

From the SWOT analysis it can be seen that the internal *strengths* of the improved credit approval archiving is that all supporting documents related to the credit approvals are electronically archived together with the credit approval in GCRMS. Being electronically archived in GCRMS also leads to that the supporting documents for the credit approvals can be read by authorized personnel at anytime from anywhere in the world. By electronically archiving the credit approval and the supporting documents the risk of misplacing documents is significantly reduced. Electronic archiving also saves storage space, man hours and cost of printed paper for the company and archiving of credit files is fast, approximately 1 minute per credit approval. Another strength is that the sales personnel now gets an e-mail when a credit approval is approved/rejected, which also includes information of possible requested conditions. This makes it easier for the sales personnel to follow their prospects and get the knowledge about if to proceed with a prospect or not.

Internal strengths related to the improved and rebuilt credit approval reporting are that the company now has a functioning credit approval reporting system that is more reliable than before as less manual work is needed. Credit approval reporting is fast and easy to do, the time of maintaining and updating the report is reduced from two hours to 10 minutes a month.

	Beneficial	Harmful
Internal	<p>Strengths</p> <ul style="list-style-type: none"> • All supporting documents related to the credit approvals are electronically archived together with the credit approval in GCRMS. • Credit approval documents can be read by authorized personnel at anytime from anywhere in the world. • Risk of misplacing documents reduced. • Electronic archiving saves storage space, man hours and cost of printed paper. • Archiving of credit files is fast, approximately 1 minute per credit approval. • Company now has a functioning credit approval reporting system that is more reliable than before as less manual work is done. • Credit approval reporting is fast and easy to do (time reduced from two hours to 10 minutes a month). • The sales personnel gets an e-mail when a credit approval is approved/rejected, also including information of possible requested conditions. 	<p>Weaknesses</p> <ul style="list-style-type: none"> • There are still a few stages in the credit approval reporting that has to be done manually: <ul style="list-style-type: none"> ○ entering the turnover ○ entering OAM-ratio
External	<p>Opportunities</p> <ul style="list-style-type: none"> • Even if the corporation at this time did not agree to add a few items to the raw data that can be extracted from GCRMS: previous LP-rating and amount of requested credit limit, they might be added in the future • If other LP-countries starts electronically archiving the supporting documents to the credit approvals in GCRMS it will create an open and united culture within the group, where information is easy to access by authorized personnel from any LP-country. This would be a very good opportunity when analyzing clients that belongs to global groups. 	<p>Threats</p> <ul style="list-style-type: none"> • The corporation might never decide to add the items requested by LPFI to the raw data that can be extracted from GCRMS, which would mean that the amount of manual work will never be reduced to zero.

Figure 27. SWOT analysis of situation of credit approval archiving and reporting after implementation of changes

Internal *weaknesses* after implementing the recommendations are that there are still a few stages in the credit approval reporting that has to be done manually. This is because the corporation did not agree to change the raw data output from GCRMS according to the recommendations of these master thesis at this stage. Therefore the turnover and OAM-ratio of credit approvals made by Expert System has to be entered into the report manually.

Opportunities external to the credit approval reporting process are that even if the corporation at this time did not agree to add a few items to the raw data that can be extracted from GCRMS they might be added in the future.

An opportunity regarding the credit approval archiving system is that if also other LP-countries changes to electronically archiving the supporting documents to the credit approvals in GCRMS it will create an open and united culture within the group, where information is easy to access by authorized personnel from any LP-country. This would be a very good opportunity when analyzing clients that belongs to global groups.

Threats external to the credit approval reporting process is that the corporation might never decide to add the items requested by LPFI to the raw data that can be extracted from GCRMS, which would mean that the amount of manual work will never be reduced to zero.

Based on the above examination of the SWOT analysis it can be seen that the strengths of the new credit approval archiving and reporting processes have improved significantly, which further proves that the business value of this thesis project is positive for the company.

9 Conclusions

In this section the purpose and the ultimate outcome of this study is presented as well as possible future studies in the area. Also my reflections on the learning process of this master thesis are discussed.

9.1 Purpose and outcome of the master thesis project

The need of this study arose from the company as the credit approval archiving took up a lot of storage space as well as man-hours and the credit approval reporting was not sufficiently and reliably built. Therefore the need of an improved credit approval process was significant. The study had two main objectives and they were to improve the current credit approval archiving process and to build a new more reliable credit approval reporting. These both objectives of the study were reached.

The credit approval archiving process is now fully electronic, and therefore no storage space is needed for it. The new archiving process is also much faster as no paper documents are printed and filed, the supporting documents are simply just uploaded as PDF files into the GCRMS system and stored together with the credit approval. This makes the documents available for later review at any time, and simultaneously, by authorized personnel within the group. The risk of misplacing the documents is also decreased, as the documents are electronically attached to the credit approval.

The objective of a new more reliable credit approval reporting process is also reached as a new automatic credit approval report was build and implemented successfully. The time of maintaining and updating the report was reduced remarkably and the new report is much more reliable as it is almost completely automated and it is visually clear and easy to read.

The research was carried out as both a quantitative and a qualitative research. The first step was to create the theoretical framework of the study. Based on that theoretical framework and the objectives of the study the questions for the questionnaire used in the quantitative research were made. The qualitative research was conducted in all LeasePlan countries credit departments and the response rate was excellent, with only two countries out of thirty not responding to the questionnaire. The questions of the questionnaire were pre-tested to ensure that they were clear and easy to understand.

After analyzing the quantitative research the questions for the qualitative research in-depth interviews were created. The questions for the in-depth interviews were based on the conceptual framework as well as on the results and findings of the quantitative research. The reason for making the in-depth interviews with the local credit committee members were to ensure that the results of the implementations of this study were good and reliable and suited the local company as well as possible. The findings and results found in the global quantitative research needed to be adapted to the local needs and for that the in-depth interviews were necessary.

When the results from the quantitative and qualitative researches had been analyzed the recommendations were made based on both the results and findings from the research and the theoretical framework. This was done to ensure that the recommended changes were actually needed, important and correct both based on the theoretical framework and on the research findings and results. The recommendations were then approved by the Financial Director, before the changes were implemented. A request was sent to the corporation to add some fields in the raw data that is extracted from the GCRMS system to answer the recommendations regarding the credit approval report, but this request was denied by the corporation at this stage. This was not considered to be a major problem as almost all recommended data was retrieved from the system.

The implementation stage was planned and designed before starting the actual implementation, to ensure that the implementation would go as smooth as possible. First the new process descriptions were designed and based on that the processes were planned and set up. The credit approval archiving system was implemented in GCRMS and the credit approval reporting in Excel. When building the credit approval report, based on the layout designed by the researcher according to the approved recommendations, an external Excel consultant was used to ensure the high quality of the automated reporting.

The implementation was done successfully and it can be said that the business value for the company's credit approval process is significant, as presented in section 8. Both the credit approval archiving and reporting processes are more efficient and therefore save man-hours, as well as storage space and paper costs. Both processes are also much more reliable and correspond to the theoretical framework, with most value to the Basel II framework. Overall it can be said the outcomes of this thesis project are successful.

9.2 Suggestions for further research

As the thesis project was very company specific, the suggestions for further research are made for the specific areas of credit approval archiving and reporting in the company. There are many studies made already about electronic archiving, building reports and project management etc, and of course there is always a need for further study in these areas. But due to the fact that the thesis project was company specific the discussion around further research, as stated above, is also specifically for the main area of these thesis. Therefore the suggestions for further research discussed here is for the credit approval archiving and reporting processes in LeasePlan Finland Oy.

9.2.1 Basel III

As LeasePlan at the moment follows the Basel II requirements, which was published in 2004, that framework is followed in this thesis project. As discussed in section 2, Basel II is an international standard created to protect the international financial system from problems that could follow if banks collapse, and consists of banking laws and regulations. There is now Basel III developed that strengthens bank capital requirements and introduces new regulatory requirements on bank liquidity and bank leverage. It builds on the Basel I and Basel II documents, and strives to improve the banking sector's ability to deal with financial and economic stress, improve risk management and strengthen the banks transparency. (Bank for International Settlements)

As the requirements used in LeasePlan Corporation are likely to develop into Basel III in the future, an important area for further research would be to study how and if the Basel III requirements differ from the currently used Basel II requirements regarding the credit approval archiving and reporting. This is important as the local credit approval process has to follow the international standards used and required by the corporation. Therefore Basel III impact on the credit approval archiving and reporting processes is an important area that needs further research.

9.2.2 Alternative reporting program

Another area that would be recommended to be further researched in the future is the reporting program. In this study it could be seen that Excel was chosen in both the

quantitative and qualitative research as an appropriate tool for reporting. However, Excel has its pros and cons. For example a report built in Excel can easily be corrupted if someone alters the content and it is very hard to trace what has been changed if the file has been mistakenly altered. Information can also be copied and stolen easily and quickly if the report is not secured with password for the authorized personnel.

Due to the risks related to having the credit approval report in Excel it is suggested that further research in the area of reporting programs could be done in the future. An example of this could be a program that is used in the corporation and that might be suitable also for this report. That program is Business Objects. Unfortunately there has not been enough training available to locally build reports in Business Objects yet, but it could be researched if there in the future could be a possibility to transfer the credit approval report, as it is now built in Excel, into Business Objects. Then the work done in this thesis project could be used as a base and only the reporting tool would change. But this is an issue that in the future would need more research.

9.2.3 Global united reporting

As credit approval reporting is mandatory according to group policy, but there is no united report to use globally an area of research would be if the Corporation could build a standardized report to be used in all LeasePlan countries. As there is a global credit risk management system (GCRMS) in use, which is mandatory for all LeasePlan countries and all needed data is in that system, it would be a good idea to further investigate the possibility of a standardized reporting built on the data from GCRMS. That way the reports in the different countries would be similar and include all the needed data which would enable data consolidation. At the moment all countries are making their own reporting tools and using them locally for the credit committee meetings. The standardized report could be built by using this thesis project and adding further research to make the standardized report globally suitable.

9.3 Reflections on learning

When conducting this study I have made a real learning journey. After deciding on the objects of the thesis project I started the process by making a Gantt chart for myself, where I defined

all the different stages and the time they were estimated to take. The Gantt chart can be viewed in figure 28. I then sat down and started working according to the Gantt chart.

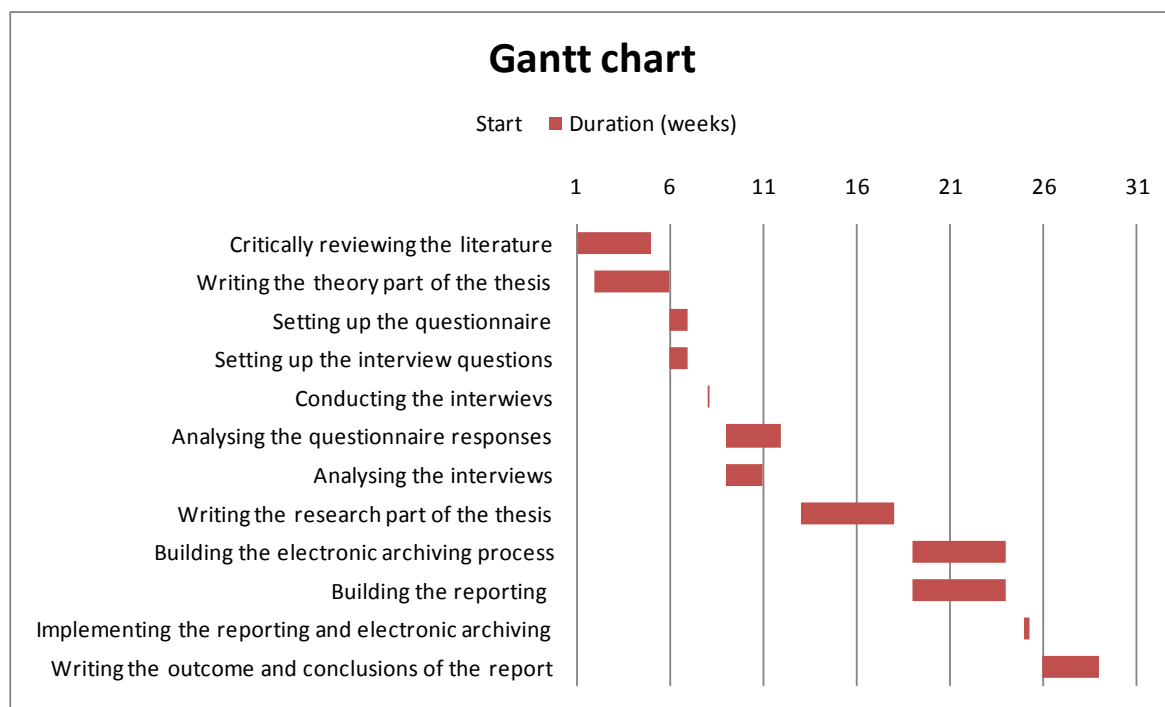


Figure 28. Gantt chart

The Gantt chart has been a very important tool for me in the process, and I have strived to follow the timelines which I set up in the chart. It was easy to see how much was done and how much was still to be worked on. Of course I had to go back and add information to previous steps etc. but the Gantt chart still gave me a clear picture of where I was going throughout the process. I will definitely use a Gantt chart also in future work related projects.

I felt that the thesis work was interesting and motivational, as the thesis topic is related to my own work and therefore close to my heart. The company and I will both benefit from the results of the thesis and it feels that this thesis has an actual value and improves the everyday work in the company credit department.

When reviewing the literature I tried to keep the theory as close to the subject as possible and only study theory actually related to the specific topic. There is a lot of theory available around electronic filing, Basel II and process management and therefore I felt it important to limit the theoretical framework and to take into consideration only theories that were relevant for this

actual thesis work. When doing this I learned how to prune information and find and write only about the essential theory.

Conducting the actual research and implementing the results in the company I felt rewarding as I then could see the result and value of my efforts in the project come into practice. Overall I have to say I learned a lot during the whole thesis process about project planning, research methods, implementing changes in a company and evaluating the outcome result when the implementations were done.

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Questionnaire concerning archiving and reporting of credit approvals

Your identity will be hidden

[Read about hidden identity.](#) (Opens in a new window)

1) * Country

Select answer



2) * Would you consider GCRMS attachments a good place for electronically archiving the documents related to the credit approval?

☐ Yes

☐ No, why not?

3) * Which of the following documents do you consider should be documented in relation to a credit approval?

☐ Official Company information document

☐ Fleet information

☐ Profitability model

☐ Annual report

☐ Something else, what?

4) * Do you make your credit approval report on monthly basis?

☐ Yes

☐ No, how often do you make your credit approval reporting?

5) * Do you use the GCRMS "Data Export Credit requests" as a base for your credit approval reporting?

☐ Yes

☐ No, where do you get the base information?



6) * Have you built your credit approval reporting in Excel?

☐ Yes

☐ No, what program do you use for your credit approval reporting?

7) * Which of the following elements do you consider should be reported regarding the CORPORATE credit approvals?

☐ Credit approvals per month

☐ LP-rating for those credit approvals/month

☐ Sum of requested vehicles for those credit approvals/month

☐ Distribution of LP-ratings and sum of requested number of vehicles for current year

☐ Something else, what?

8) * Which of the following elements do you consider should be reported regarding the NEW CLIENTS (corporate fleet) credit approvals?

☐ Amount of new clients credit approvals on monthly and yearly basis

☐ LP-rating for those new clients credit approvals/month

☐ Sum of requested vehicles for those new credit approvals/month

☐ Something else, what?

9) * Which other elements do you consider should be reported regarding the credit approvals?

☐ Credit approvals approved by local expert system on client basis; LP-rating, sum of requested vehicles, sum of current numbers of vehicles, turnover, OAM-ratio

☐ Manual overrides during the month

☐ Amount of small fleet approvals on monthly and yearly basis and the average scoring of those small fleet credit approvals

☐ Something else, what?

Appendix 2. Respondents per country

	Country	Percent
1	Australia	6,1 %
2	Austria	3,0 %
3	Belgium	3,0 %
4	Brazil	3,0 %
5	Czech Republic	4,5 %
6	Denmark	1,5 %
7	Finland	1,5 %
8	France	4,5 %
9	Germany	6,1 %
10	Greece	1,5 %
11	Hungary	9,1 %
12	India	1,5 %
13	Ireland	1,5 %
14	Italy	13,6 %
15	Luxembourg	3,0 %
16	Mexico	0,0 %
17	Netherlands	3,0 %
18	New Zealand	3,0 %
19	Norway	1,5 %
20	Poland	1,5 %
21	Portugal	7,6 %
22	Romania	3,0 %
23	Slovakia	1,5 %
24	Spain	4,5 %
25	Sweden	0,0 %
26	Switzerland	0,0 %
27	Turkey	1,5 %
28	United Arab Emirates	3,0 %
29	United Kingdom	1,5 %
30	USA	4,5 %

Appendix 3. Answers of the questionnaire

2. Would you consider GCRMS attachments a good place for electronically archiving the documents related to the credit approval?

Alternatives	Percent	Value
1 Yes	93,9 %	62
2 No, why not?	6,1 %	4
Total		66

The files are not named after their original names= access is not direct but one has to search for the specific Credit Request to find the file she/ he needs.

Individuals other than those with access to GCRMS have access to review these items. Admittedly a select few.

You can't choose attached profitability or guarantee from GCRMS attachments into new credit proposal.

We do not use the GCRMS attachments funktion

3. Which of the following documents do you consider should be documented in relation to a credit approval?

Alternatives	Percent	Value
1 Official Company information document	63,6 %	42
2 Fleet information	47,0 %	31
3 Profitability model	83,3 %	55
4 Annual report	77,3 %	51
5 Something else, what?	30,3 %	20
Total		66

Press releases, communication with client and/ or internal and external to LP people.

Meeting Reports, newspapers or any other public information

D&B reports, other credit ratings

the credit aproval document itself (obviously)

guarantees

D&B report,

Insurance Details

Any relevant file

Information from the local credit agency (e.g. D&B report)

DNB reporting

Important news, articles about the company or partners.

important press news= documents of collateral provider

Trade License & Guarantee letters

security (deposit, guarantee)

all relevant documents that support the decision, like for example press articles, Q figures

commercial reports (D&B, Coface etc.)

Any information provided (that was not currently publicly available) that was referred to in the application should be attached to the

GCRMS application

Group Structure + consolidated financials

guarantee

4. Do you make your credit approval report on monthly basis?

Alternatives	Percent	Value
1 Yes	84,8 %	56
2 No, how often do you make your credit approval reporting?	15,2 %	10
Total		66

NEVER

weekly for LCC

By demand

Annually

Annually

As needed.

5. Do you use the GCRMS "Data Export Credit requests" as a base for your credit approval reporting?

Alternatives	Percent	Value
1 Yes	83,3 %	55
2 No, where do you get the base information?	16,7 %	11
Total		66

NEVER

NOLS

We keep an excel file that is manually updated.

Via manually entering audited annual financial reports

Siebel

Query that pulls from our local operating system (AS400)

Search Credit Request

We have a manual logbook in Excel

6. Have you built your credit approval reporting in Excel?

Alternatives	Percent	Value
1 Yes	86,4 %	57
2 No, what program do you use for your credit approval reporting?	13,6 %	9
Total		66

NEVER

I personally don't issue car.

GCRMS reporting

PDF

We use to download the reports in excel, is not built by us.

SAP reporting

Via the reporting functions of our SAP local system

7. Which of the following elements do you consider should be reported regarding the CORPORATE credit approvals?

Alternatives	Percent	Value
1 Credit approvals per month	90,9 %	60
2 LP-rating for those credit approvals/month	83,3 %	55
3 Sum of requested vehicles for those credit approvals/month	69,7 %	46
4 Distribution of LP-ratings and sum of requested number of vehicles for current year	51,5 %	34
5 Something else, what?	27,3 %	18
Total		66

local external Rating

counterparties credit requested for and the stage they are in and the TAT at each stage

Duration of the credit Approval process, split to different roles involved in it.

profitability of approvals (average)

Previous LP rating for each client

average processing time

Rejects

see Visual Basic Makro in Excel provided to Linda separately

Status of the credit request.

monitoring the different stage of the proposals in order to measure in a more accurate way the Service level agreement

Comparable Return

information about credit analyst who prepared credit approval

branch code, comparable return, type of approval (f.e. Expert, Conditional approval etc.)

credit request initiator and evaluator

All decisions (not just approvals) should be reported

all decision report included refused and accepted with guarantees. Disponibility of outstanding regarding open and active credit limits

LP rating trend per client

conditions

8. Which of the following elements do you consider should be reported regarding the NEW CLIENTS (corporate fleet) credit approvals?

Alternatives	Percent	Value
1 Amount of new clients credit approvals on monthly and yearly basis	93,9 %	62
2 LP-rating for those new clients credit approvals/month	81,8 %	54
3 Sum of requested vehicles for those new credit approvals/month	77,3 %	51
4 Something else, what?	21,2 %	14
Total		66

local external Rating

counterparties credit requested for and the stage they are in and the TAT at each stage

Industry

profitability of approvals (average)

average processing time

profitability

see Visual Basic Makro in Excel provided to Linda separately

PAF information, DnB result
 Status of the credit request.
 Comparable Return
 see previous question
 credit request initiator and evaluator
 Investment value approved in local currency

9. Which other elements do you consider should be reported regarding the credit approvals?

Alternatives	Percent	Value
1 Credit approvals approved by local expert system on client basis; LP-rating, sum of requested vehicles, sum of current numbers of vehicles, turnover, OAM-ratio	87,9 %	58
2 Manual overrides during the month	59,1 %	39
3 Amount of small fleet approvals on monthly and yearly basis and the average scoring of those small fleet credit approvals	47,0 %	31
4 Something else, what?	10,6 %	7
Total		66

Again, measuring the duration of the process.
 The different conditions put in the credit file and people who have approved or rejected the credit request
 only parts of the mentioned items and those not combined in one reporting
 date of the status change
 credit request evaluator
 Local client number (lessee number). Duns number

Appendix 4. Questions for in depth interviews

Questions for in depth interviews

1. Do you feel GCRMS is a suitable forum for archiving the electronic credit approval documents?
 - a. Why?
2. Who should have access to the archived credit approval documents?
3. What documents do you feel should be archived?
 - a. Which documents do you need?
 - b. Should client communication be documented together with the credit approval?
4. Should some documents be accessible / viewable only by LPFI?
5. Should the documents be deleted after some amount of years?
6. Do you have suggestions of what elements should be included in the credit approval reporting?
7. Is Excel a suitable tool for building the credit approval reporting?
8. Is the monthly credit committee meeting a suitable timing for the reporting?

In depth interview with Credit Committee member 1 on 10.04.2012.

Answer to question 1.

J, jag tycker det är bra och orsaken till att jag tycker det är bra för att allting finns då på ett ställe där man gör kredit besluten och då vet man hur man går dit och söker information och man kanske måste kolla tex. hur ratingen är räknad eller kolla något annat. Därför är det bra att det är där.

Answer to question 2.

De som egentligen har med kreditbeslut att göra. Så då tycker jag att det ska vara dom/den som gör kreditbesluten, då alltså kredit chefen och sedan de som godkänner kreditbesluten i sista hand. Men egentligen ingen annan för då sätter man det ändå i ett annat system så som NOLSen.

Answer to question 3.

Jag tycker att där borde finnas bokslutet, eventuellt en utprint från Asiakastietä. Sedan det som jag tycker att skulle vara bra är att där skulle finnas själva avtalet, men jag tror att det kan bli svårare för att med avtalen dokumenterar vi också personlig information, eller det kan hända vi har en kopia på någons körkort och det är sådant man måste ta bort efter en tid. På något sätt känns det som om det skulle bli kanske lite för mycket jobb, att det är lättare att ta dem från ett annat ställe fast då måste de ändå vara på ett annat ställe för i företaget är det också andra än kreditmänniskor som behöver dem. Vad annat... nog är det väl egentligen de dokumenten som är väsentliga.

Jag tittar på bokslutet och sedan tittar jag på avtalen. Emellanåt kan jag kolla vem som har täckningsrätt, det vill säga handelsregisterutdraget men det ofta filat med avtalet det också. Det är egentligen det som jag kollar på. Och sedan förstås sådant som är relaterat direkt till kreditbeslutet, hur ratingen är räknad och de inmatade siffrorna, men det är sedan inte dokument mera, utan det hör till systemet.

Nej, om det inte är någon väsentlig kommunikation som kredit chefen tycker att man borde lägga in dit. Om det har varit nåt mera riskfyllt bolag och det finns någon information där som skulle kunna vara väsentlig så då. Men vanlig kommunikation med att be bokslut och annat så tycker jag inte behöver vara där.

Answer to question 4.

Om där skulle vara avtalen så borde det vara så. Men vi har ju inte för tillfället avtalen där. Sen är då frågan att måste alla andra länder ha möjlighet att gå in och titta på våra bokslut och sådant, men nog är det ju i och för sig **offentlig information**.

Answer to question 5.

Vi måste alltid kunna ha bevis på om vi har godkänt en kund, så vi måste spara de här dokumenten som vi har godkänt kunden med **fem år efter att kundförhållandet är slut**. Efter det så borde det finnas något annat arkiv som de dokumenten kunde föras till som kan öppnas vid behov så att säga. Förstår du att om man nu deletar informationen efter en viss tid. Det är ju onödigt att samla en massa information, men alltså jag menar om man tänker att det går tio, tjugo år och det tar ju någon sorts kapacitet i systemet, så jag menar att GCRMS är ett arkiv i sig, men det borde finnas ett arkivs arkiv så att säga. Inte har vi något behov av att gå och titta på gamla dokument ifall inte det blir något speciellt case. Så det borde egentligen ha en automatisk arkivering så att det far liksom bort därifrån, men ändå finnas möjlighet att gå och öppna den med IT-avdelningen eller något för att kunna titta.

Answer to question 6.

Nå, jag utgår från **den rapportering som vi har för tillfället** som du gör, så jag tycker att den är ganska bra, den är helhetstäckande och det viktigaste där är ju nog liksom förstås företagets namn, ratingen och så. Det som man kanske sku kunna gärna se är att om det har varit just som vi talade att den här kunden har **förlängt fast en limit eller förändrat limiten mitt under limit perioden**, så att vi säger att vi har gjort fast för 500 bilar och sedan gör vi för 550 att det skulle kunna framgå att det inte blir ett så att säga nytt kreditbeslut i rapporteringen. Jag tycker att **conditions** kunde vara bra att det är med där, ja. Och det där **previous LP-rating** kunde faktiskt vara bra. Sedan de här andra (elements for reporting based on questionnaire -> under consideration) sådana som ska synas i kredit beslutet och det gör de ju utom att credit approval processing time vet jag inte var vi ser det. Det här kunde ju i och för sig vara en grej som man i framtiden kunde behöva ifall vi har några egna KPI:n , vet du att hur snabbt vi fattar besluten och så här. Å andra sidan tycker jag det är lite tåntigt för att det säger ju ingenting om hur sent det där kredit beslutet är. Men i princip om vi tänker när du börjar ett kredit beslut så ger du det åt mig och så ligger det tre veckor på mitt bord, så skulle man ju kunna få fram det. Men jag tycker inte att det är för tillfället relevant att ha med, det här är någonting som man kan då gömma någonstans, för man behöver inte ta fram det nu. Branch kooden tycker jag inte heller att vi behöver se på rapporten för vi är inte så bransch inriktade.

Comparable return syns ju i kreditbeslutet när man fattar det där beslutet, så jag tycker inte att vi behöver den för tillfället. För tillfället ger den ju inte helt rättvisande siffror om du har tex. limited fleet. Ju mera siffror du har på en rapport... alltså det här kan vara också sådan där nice to know som du gömmer, men den där sista rapporten man tittar på så tar man bara fram det väsentliga så jag tycker den här kan vara i gömman men att förstås kan det ju hända att i framtiden så kan det bli relevant. Jag tycker de där (elements for reporting based on questionnaire -> included in reporting) är bra.

Answer to question 7.

Jag tycker att det är bra. Excel har ju den dåliga sidan att det finns end user computing och att det finns en risk att det blir fel när man lagar i Excel, men samtidigt tycker jag att excel är ett flexibelt redskap och om du får en sådan här rapport just som till exempel har någon extra information, vi säger nu att du har profitability osv. så om du har den i Excel har du jätte lätt att själv modifiera den och kopiera en del eller någonting till kredit kommitténs möte, så jag tycker det är ett bra redskap. Jag skulle definitivt köra för en Excel.

Answer to question 8.

En gång i månaden.

In depth interview with Credit Committee member 2 on 12.04.2012.

Answer to question 1.

Det tycker jag definitivt för att allting finns på ett och samma ställe. Det är ett system som Corp:en kommer att uppdatera och upprätthålla, så att vi behöver liksom inte vara rädda för det att det här systemet eller softan som finns där försvinner och tillgängligheten är ju betydligt bättre om du har allting på ett och samma ställe, så definitivt.

Answer to question 2.

Vi som sitter i kredit kommittén och kredit chef och annat, så har ju automatiskt tillgång, men eventuellt så borde kanske också försäljningen ha tillgång så att de kan se och följa med prospect, att är de färdigt behandlade så att de kan gå vidare där. För då behöver inte du hela tiden meddela och berätta. Eventuellt att man skulle göra en link så att de initierar ett nytt och så att du får den information du behöver för att sätta upp det. Tex hur stor fleet det är frågan om och andra viktiga saker. Du vet att i andra länder så har dom ju link via Midas, så grundar dom det och sedan så sätter de med initieell information som behövs. Åtminstone det första skedet, så att man får den basinformation som behövs för att gå vidare. Jag tror att man säkert skulle kunna bygga någon sådan modell. Där är ju med business signumet och sådant som behövs för att få checken så, eller också att det går via Carita eller någon annan som grundar det i NOLS:en, men då måste all bakgrundsinformation, hur mycket bilar det är frågan om, vilken typ av kontrakt det är frågan om och eventuellt också att de skulle räkna färdigt profitabilityn och ha den med i samma paket. Så att du skulle få allting på ett bräde färdigt.

Answer to question 3.

Där är ju nog själva bokslutet, om vi har det, så det är ju viktigt. Sedan profitabilityn behöver vi ju, säkerheterna skulle vara bra att ha med om de finns i samband med att det görs.

Däremot tycker jag inte att kommunikationen med kunden behöver vara med, om det inte är något sådant där de konkret förbinder sig till någonting, eventuellt ifall de skulle ha något modersbolags garanti färdigt underskriven redan före de andra avtalen undertecknas. Det kunde vara en sådan sak som kunde komma med, då är det redan dokumenterat och då kan man räkna på koncern nivå istället för bolagsvis. Något annat vet jag egentligen inte där. Hur ser du på information om betalningsförmåga från Asiakastiето och något sådant? Det är också kanske bra att ha dokumenterat.

Answer to question 4.

No ja, inte vet jag nu, inte tycker jag att vi har sådan information. Jag tycker **nog inte**, vi spelar med ganska öppna kort och vissa av dem är ju på finska dessutom så. **Nej**, inte tycker jag att där finns sådana.

Answer to question 5.

Nu vet jag inte hur kraftiga Corp:en servrar är sist och slutligen att har det någon effekt på hur snabbt de processerar ifall det blir långsammare hela systemet eller det tror jag inte egentligen. Det är klart att man skulle kunna ha mellan 5 och tio år, jag menar vi har vissa kunder vi har längre kontrakt med, men fem år borde nog i normalt sett räcka för ett ramavtals period och sedan förnyas den ju hela tiden. Så **fem år efter att kundförhållandet är slut räcker**. Men jag tror inte detta är ett stort problem för vår del, eftersom vi inte har så mycket kunder att det för mycket skulle belasta. Men däremot är det lite hur man lagrar dem, du lagrar ju ofta grundinformationen då kunden tas in som ny och sedan gör du bara årliga uppdateringar att kan du skilja på dem. Det är kanske det som är det största problemet i arkiveringen. Att i princip så borde du ha en skild fil som hänger med kunden hela livstiden, parallellt med de årliga uppdateringarna, där du har de här grunduppgifterna som kanske bara görs en gång i livet och sedan har du de årliga boksluten och annat material. Eller egentligen vad har vi för dokument som är permanenta. Det räcker nog helt bra för mig med **fem år**.

Answer to question 6.

För nya kunder skulldet vara bra att ha den modellen som vi har för styrelsen med alla de saker som finns i de olika kolumnerna, med **profitability**, där är vilken **typ av kontrakt** det är, **hur mycket bilar** och det är ju ganska så där överskådligt. Att det skulle man kunna ha för nya kunder också i den här rapporteringen. Och någonting som är speciellt där nog är det, som vi också har idag, de här **conditions** som vi har liksom vissa specialregler för det här upplägget så de kanske borde lyftas fram ännu mera och ännu starkare. Och sedan en sak som jag också tycker som blir viktigare då man jämför den här egna LP-ratingen mot om det finns en **external rating** som Moodys, S&P eller dylikt att man också kollar dem. De skulle vara bra om det är lätt att få med i rapporten. Branch koderna vet jag nu inte, de tycker jag inte är så nödvändigt. Men **conditions** och **external rating** så tycker jag. Comparable return vet jag nu inte för det kommer ju via profitabilityn egentligen, så det är mera lite samma sak.

Answer to question 7.

Det är den lättaste modellen, skulle jag säga, att använda. Sedan kan man ju också fundera på, vi har ju Click View här att det är ju speciellt lämpat för sådant här om man vill få snygga grafer och det skulle man också kunna tänka sig. Men där tror jag man får mera problem sedan med texten och sådant som man inte får med, att om du får siffermaterialet fint presenterat men sedan måste du ha rutor också där du ska kunna skriva så att jag tror ändå att från Click View sedan så hamnar du att exportera det här till Excel så att det är kanske lika bra att bygga det i Excel från första början. Men där är kanske lite det problemet hur du får data överförd till Excel på ett fiffigt sätt. Att där kanske man måste fundera på en add in möjlighet, att du ska kunna bygga direkt från kredit systemet och suga in det direkt i Excel. Det är ju ingen mening med att sätta ner en massa tid på att någon stor databas från kreditssystemet och därifrån sorta och greja det här att det ska komma automatiskt in.

Answer to question 8.

För vår del räcker en gång i månaden helt bra, undantaget då sommaren då kan man kanske titta att gör man det i Juni och Augusti till exempel.

In depth interview with Credit Committee member 3 on 23.04.2012.

Answer to question 1.

Kyllä minun mielestä se on looginen paikka missä kaikki nämä luottopäätökseen liittyvät dokumentit pitäisi olla. Lähinnä sitten kysymys on että mikä on sitten toiminnallisesti sopiva, sinä varman itse tiedät paremmin, muuten varmasti oikea paikka. Perustelun aon että on siellä mistä niitä on luonteva etsiä. Ehdottomasti parempi vaihtoehto kuin paperillinen arkistointi, paperimäärä on niin valtaisa kun katsoo niitä nippuja mitä tuolla kiertää. Jos niistä puhutaan vuosien varrella, niin niistä tiedon etsiminen on aika vaikeata. Ehdottomasti tosi hyvä edistysaskel jos saadaan ne sähköseen muotoon.

Answer to question 2.

Nykypääsöoikeudet on varmaankin riittävät. Ainoa mitä voisi miettiä on että onko myynnillä tarve päästä niihin käsiksi mutta toisaalta... en minä tiedä että tarviiko niiden nähdä niitä dokumentteja. Heille riittää tieto että onko asiakkaalla voimassa oleva luottopäätös. No tietysti mitä ehtoja se pitää sisällään ja mikä sen aikataulu on. Mutta en minä tiedä taviiko se niitä dokumentteja, ei heidän tehtävä ole kuitenkaan tulkita niitä tai tehdä niiden perusteella mitään päätöksiä. enemmän he tarvitsevat vaan ne ihan perustiedot siihen luottopäätökseen liittyen.

Answer to question 3.

Kyllä minun mielestä mitä tässä nyt on listattu näitä asioita nämä ovat varmaan aika kattava. Minun mielestä tuo kommunikointi olisi hyvä olla siellä samassa paikassa koska kuitenkin jos ajattelee monimutkaisempia caseja ja just jotain hankalia tilanteita että on ollut vaikka maksujen kanssa viivästyksiä ja on jotain sovittu niin se olisi sillain luontevaa että ne olisi kaikki arkistoituna samaan paikkaan. Silloin myöhemmin päästään kanssa käsiksi näihin mitä ongelmia oli, mitä mahdollisesti ollaan sovittu jotain erityisjärjestelyjä ja niitä ei tarvii sitten kaivaa jostain meili-folderista. Ne on kuitenkin olennaisia luottopäätökseen vaikuttavia asioita, niin se olisi kyllä ihan hyvä. Nämä materiaalit ja dokumentit mitä tässä on mainittu varmasti riittää. Ainoa mitä minä mietin, ja aikaisemminkin sanoin, että kun joka tapauksessa joudumme miettimään runkosopimusten arkistointia, se on hieman tämän luottopäätös asian ulkopuolella, mutta onko tämä järjestelmä hyödynnettävissä. Olisiko sitten kuitenkin luottopäätöstenkin näkökulmasta niin välillä tarvii jotain runkosopimustietoja ja osittain luottopäätökseen tarvii kaivaa samoja tietoja kuin runkosopimuksen tekoon esim. allekiroitusoikeuden omaavista ihmisistä ja jos tulee yhtiöjärjestlyitä niin nämä tietyllä tavalla liittyy yhteen. Mutta se vaatii hieman tarkempaa katsomista että ketkä kaikki tarvitsee runkosopimustietoja että tuleeko siitä

sitten ongelma tämän suhteen. Ja toisaalta onko tämä työkaluna tämä GCRMS niin helppo että siellä voisi olla joku tällöinen runkosopimusosio. Mutta se nyt oli vähän tämän ulkopuolelta idea.

Answer to question 4.

Minä en keksi tähän mitään syytä miksi meidän pitäisi rajata vain meille näkyväksi joku osa.

Että jos ajattelee toisin päin niin kyllä me mielellämme jos haluamme vaikka ruotsin johonkin paikalliseen luottopäätökseen liittyen katsoa jotain taustatietoja, niin meillä olisi pääsy sinne materiaaleihin, niin kai sitten vastapuoleisesti meidän materiaaleihin pitäisi olla muilla pääsy. Ellei sitten ole joku erityinen syy, minkä minä en keksi, miksi pitäisi rajata. Mutta en minä ainakaan keksi nyt mitään syytä.

Answer to question 5.

Nämä konsernin säännökset tietenkin rajaa sen. Että se minkä kanssa täytyy olla eniten tarkkana on henkilötiedot ja henkilörekisterilain vaatimukset niitten henkilötietojen säilyttämisestä. Jos on passikopioita ja ajokorttikopioita. Mutta en tunne tätä järjestelmää siin hyvin että onko siinä tuota mahdollista tehdä pikkaisen helpommaksi sen hallinnoinnin koska eihän kukaan muista ulkoa että jos joku poistuva asiakas ja siellä on jotain passikopioita että milloin ne pitää sieltä poistaa, että jos järjestelmässä on jotain aikatauluhälytyksiä että se tunnistaisi tällaiset sitten jotenkin helpommin. Se on ehkä se kriittisin, mutta muuten nämä aikataulut konsernisäännösten mukaan varmasti riittää.

Answer to question 6.

(nykyisten elementtejen lisäksi) Ainakin tuo comparable return pitäisi siinä olla. Sitten seuraavana previous LP-rating olisi kiinnostava, mutta tuo comparable return on minun mielestä ehkä tärkein näistä. Esimerkiksi branch codelle minä en näe tarvetta, minusta se ei hirveästi anna lisäinformaatiota. Minusta ne on ne tärkeimmät kyllä. Conditions viittaako se erityiehtoihin, niin se jo toki! Mutta ei niitä muita.

Answer to question 7.

Minun puolesta, jos se nyt on ylläpitäjän näkökulmasta tarpeeksi toimiva niin en minä osaa tuohon sen enempää ottaa kantaa. Excelissä nyt ylipäätään on omat hyvät ja huonot puolensa.

Jos se on tekijänsä kannalta hyvä niin.

Answer to question 8.

Se on se luonteva aikataulu kyllä.

Appendix 6. Color coding analysis of interviews

Is GCRMS a suitable forum for archiving the electronic credit approval documents (Question 1)	Interview 1	Interview 2	Interview 3	Total
Yes	1	1	1	3

Why GCRMS would be a suitable forum for archiving the electronic credit approval documents (Question 1)	Interview 1	Interview 2	Interview 3	Total
All documents can be found in one place , together with the approval	1	1	1	3
LeasePlan Corporation is updating and mantaining GCRMS		1		1
It is natural to keep the documents in GCRMS			1	1
Saves paper			1	1

Who should have access to the archived credit approval documents (Question 2)	Interview 1	Interview 2	Interview 3	Total
Credit manager	1	1	1	3
Final approvers of the credit request (credit committee)	1	1	1	3
Sales personnell		1	1	2

Documents important to archive in relation to the credit approval (Question 3)	Interview 1	Interview 2	Interview 3	Total
Annial report	1	1	1	3
Asiakastieto	1	1	1	3
Agreement	1		1	2
Trade register	1			1
Profitability		1	1	2
Quarantees		1		1
Communication with client that directly affects the approval			1	1
Press releases, fleet information,			1	1

Should some documents be accessible / viewable only by LPFI (Question 4)	Interview 1	Interview 2	Interview 3	Total
No	1	1	1	3

Archiving time for the documents (Question 5)	Interview 1	Interview 2	Interview 3	Total
Five years after customer relationship has ended	1	1	1	3

Elements that should be included in the credit approval reporting (Question 6)	Interview 1	Interview 2	Interview 3	Total
Current elements	1	1	1	3
Change or prolongation of limit during the approval period	1			1
Conditions	1	1	1	3
Previous LP-rating	1		1	2
Profitability		1	1	2
Type of contract		1		1
External rating		1		1

Is Excel a suitable tool for building the credit approval reporting (Question 7)	Interview 1	Interview 2	Interview 3	Total
Yes	1	1	1	3

Is the monthly credit committee meeting a suitable timing for the reporting (Question 8)	Interview 1	Interview 2	Interview 3	Total
Yes	1	1	1	3